

*In the opinion of Bond Counsel, assuming continuous compliance with certain covenants in the Tax Certificate and Compliance Agreement to be executed and delivered by the County on the date of delivery of the Series 2002A Bonds, and subject to the conditions stated herein under "Tax Exemptions," under existing law, (a) the interest on the Series 2002A Bonds is excludable from gross income for Federal income tax purposes, and (b) the interest on the Series 2002A Bonds is not an enumerated preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States. As described herein under "Tax Exemptions," other Federal income tax consequences may arise from ownership of the Series 2002A Bonds. It is also the opinion of Bond Counsel that, under existing law of the State of Maryland, the interest on the Series 2002A Bonds and profit realized from the sale or exchange of the Series 2002A Bonds is exempt from income taxation by the State of Maryland or by any of its political subdivisions; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the Series 2002A Bonds or the interest thereon.*

**NEW ISSUE**

**Full Book-Entry**

(See "DESCRIPTION OF THE SERIES 2002A BONDS - Book Entry Only System")

**RATINGS:** Fitch .....AAA  
Moody's .....Aaa  
Standard & Poor's .....AAA  
(See "RATINGS")

**OFFICIAL STATEMENT DATED JUNE 12, 2002**

**\$26,000,000**

**Montgomery County, Maryland  
Parking Revenue Bonds  
(Bethesda Parking Lot District)  
Series 2002A**

**Dated June 1, 2002**

**Due: June 1, as shown below**

Interest on the \$26,000,000 Parking Revenue Bonds (Bethesda Parking Lot District), Series 2002A (the "Series 2002A Bonds") is payable semiannually on each June 1 and December 1, commencing December 1, 2002 (6 months' interest), at the rates set forth below. The Series 2002A Bonds are subject to redemption prior to maturity as provided herein.

The payment of principal and interest on the Series 2002A Bonds when due will be insured by municipal bond insurance policies issued by Financial Guaranty Insurance Company simultaneously with delivery of the Series 2002A Bonds by



FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.

The Series 2002A Bonds are being issued by Montgomery County, Maryland (the "County") to finance the costs of parking structures and related facilities (the "Project") in the Bethesda Parking Lot District in the County.

The Series 2002A Bonds and the interest thereon are special obligations of the County payable solely from the revenues of the Bethesda Parking Lot District, on a parity with certain other outstanding parking revenue bonds of the County.

**The Series 2002A Bonds are not general obligations of the County and do not constitute a pledge of the full faith and credit or the taxing power of the County.**

**FOR MATURITY SCHEDULE SEE INSIDE FRONT COVER**

**The Series 2002A Bonds are offered, when, as and if issued by the County, subject to the approval of their validity by Venable, Baetjer and Howard, LLP, Baltimore, Maryland, Bond Counsel, as described herein, and to certain other conditions. The Series 2002A Bonds will be available for delivery in New York, New York, through the facilities of the Depository Trust Company on or about June 25, 2002.**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

**AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS**

**\$26,000,000**  
**Parking Revenue Bonds**  
**(Bethesda Parking Lot District)**  
**Series 2002A**

<u><b>Maturity</b></u>	<u><b>Amount</b></u>	<u><b>Interest Rate</b></u>	<u><b>Price or Yield</b></u>	<u><b>CUSIP</b></u>
2003	\$1,010,000	3.000%	1.600%	613361FG4
2004	985,000	3.500%	2.100%	613361FH2
2005	1,010,000	3.500%	2.620%	613361FJ8
2006	1,040,000	3.500%	2.920%	613361FK5
2007	1,075,000	3.500%	3.200%	613361FL3
2008	1,110,000	3.500%	3.480%	613361FM1
2009	1,155,000	4.000%	3.670%	613361FN9
2010	1,200,000	4.000%	3.860%	613361FP4
2011	1,250,000	4.000%	3.960%	613361FQ2
2012	1,305,000	4.000%	4.060%	613361FR0
2013	1,360,000	4.100%	4.190%	613361FS8
2014	1,425,000	4.250%	4.310%	613361FT6
2015	1,490,000	4.375%	4.410%	613361FU3
2016	1,560,000	4.400%	4.510%	613361FV1
2017	1,635,000	4.500%	4.600%	613361FW9
2018	1,715,000	4.600%	4.690%	613361FX7
2019	1,800,000	4.700%	4.780%	613361FY5
2020	1,890,000	4.750%	4.870%	613361FZ2
2021	1,985,000	4.750%	4.920%	613361GA6

**(Accrued interest to be added)**

The rates shown above are the interest rates payable by the County resulting from the successful bid for the Series 2002A Bonds by Merrill Lynch & Co. at public sale on June 11, 2002. The yields or prices shown above were furnished by the successful bidder. Any additional information concerning the reoffering of the Series 2002A Bonds should be obtained from the successful bidder and not from the County.

**OFFICIAL STATEMENT DATED JUNE 12, 2002**

**\$26,000,000  
MONTGOMERY COUNTY, MARYLAND  
Parking Revenue Bonds  
(Bethesda Parking Lot District)  
Series 2002A**



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No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations concerning the County or its bonds, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the bonds described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Bonds are exempt from registration under the Securities Act of 1933. As obligations of a political subdivision of the State of Maryland, the Bonds also are exempt from registration under the securities laws of the State of Maryland.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Bonds.

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**MONTGOMERY COUNTY, MARYLAND  
OFFICIAL ROSTER OF COUNTY OFFICIALS**

**COUNTY EXECUTIVE**

Douglas M. Duncan

**COUNTY COUNCIL**

Steven Silverman	<i>President</i>
Derick P. Berlage	<i>Vice President</i>
Phil Andrews	
Nancy Dacek	
Howard Denis	
Blair Ewing	
Isiah Leggett	
Marilyn J. Praisner	
Michael L. Subin	

The terms of the Executive and all County Council members expire in December 2002.

**APPOINTED OFFICIALS**

Bruce Romer	<i>Chief Administrative Officer</i>
Timothy L. Firestine	<i>Director, Department of Finance</i>
Robert K. Kendal	<i>Director, Office of Management and Budget</i>
Charles W. Thompson, Jr.	<i>County Attorney</i>
Mary A. Edgar	<i>Clerk of the County Council</i>

**BOND COUNSEL**

Venable, Baetjer and Howard, LLP  
Baltimore, Maryland

**FINANCIAL ADVISOR**

Evensen Dodge, Inc.  
Minneapolis, Minnesota

**INDEPENDENT PUBLIC ACCOUNTANTS**

KPMG, LLP  
Washington, D.C.

**DEBT MANAGEMENT AND DISCLOSURE**

Department of Finance  
101 Monroe Street  
Rockville, MD 20850  
240/777-8860  
240/777-8857 (Fax)  
[www.mcmbonds.emontgomery.org](http://www.mcmbonds.emontgomery.org)

## **OFFICIAL STATEMENT**

### **\$26,000,000 MONTGOMERY COUNTY, MARYLAND PARKING REVENUE BONDS (BETHESDA PARKING LOT DISTRICT) SERIES 2002A**

#### **INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and appendices is to provide certain information concerning the sale and delivery by Montgomery County, Maryland (the "County") of \$26,000,000 of its Parking Revenue Bonds (Bethesda Parking Lot District), Series 2002A (the "Series 2002A Bonds"). Capitalized terms not otherwise defined in the Official Statement shall have the respective meanings assigned to them in "APPENDIX B – Definitions of Certain Terms and Summaries of Legal Documents" hereto.

The proceeds of the Series 2002A Bonds will be used (i) to finance a portion of the costs of designing, constructing and equipping two public parking garages (collectively, the "Project") to be located in the Bethesda Parking Lot District (the "Bethesda Parking Lot District"); and (ii) to pay the costs of issuing the Series 2002A Bonds. See "THE PROJECT" herein.

The Series 2002A Bonds are special obligations of the County, the principal of, interest on and redemption premium (if any) on which will be payable solely from the revenues of the Bethesda Parking Lot District, on a parity basis with the Bethesda Parking Lot District's other outstanding bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2002A BONDS" and "THE BETHESDA PARKING LOT DISTRICT" herein.

*The Series 2002A Bonds are not general obligations of the County and do not constitute a pledge of the full faith and credit or the taxing powers of the County. The Series 2002A Bonds are payable solely from the revenues of the Bethesda Parking Lot District.*

#### **AUTHORITY FOR THE ISSUANCE OF THE SERIES 2002A BONDS**

The Series 2002A Bonds are authorized to be issued pursuant to the Constitution and the laws of the State of Maryland, including Sections 5(P)(2) and 5(P)(3) of Article 25A of the Annotated Code of Maryland (1998 Replacement Volume and 2001 Cumulative Supplement) and Sections 20-47 through 20-54 of Chapter 20 of the Montgomery County Code (1994 Edition, as amended) (collectively, the "Authorizing Legislation"), a resolution adopted by the County Council of the County on February 4, 1992, as supplemented by a resolution adopted by the County Council of the County on June 12, 2001 (as supplemented, the "Resolution"), and Order No. B-160-92 of the County Executive of the County passed on February 28, 1992, as supplemented by Order No. B-239-02, passed on June 4, 2002 (as supplemented, the "Order").

#### **THE SERIES 2002A BONDS**

##### **General**

The Series 2002A Bonds will be dated June 1, 2002 and will mature and bear interest on the dates and at the rates set forth on the inside front cover page hereof. Interest on the Series 2002A Bonds will be payable semiannually on June 1 and December 1 of each year (each a "Payment Date"), commencing December 1, 2002 (six months).

The Series 2002A Bonds shall be delivered in the form of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. So long as the Series 2002A Bonds shall be maintained under a book-entry system, payments of the principal of, premium (if any) and interest on the Series 2002A Bonds will be made as described below under the heading "Book-Entry Only System." At any other time, payments of interest due with respect to any Series 2002A Bond on any Payment Date shall be made to the person who appears on the registration books as the owner thereof as of the Record Date immediately preceding such Payment Date, such interest to be paid in lawful money of the United States of America by check or draft of the Registrar and Paying Agent mailed to such Owner at his address as it appears on the registration books or at such other address as may have been filed with the Registrar and Paying Agent for that purpose. The principal and redemption premium, if any, payable with respect to any Series 2002A Bond shall be payable in lawful money of the United States of America by check or draft of the Registrar and Paying Agent upon surrender thereof at the principal office of the Registrar and Paying Agent.

### **Registration and Exchange of Series 2002A Bonds**

**So long as the Series 2002A Bonds are maintained under a book-entry system, Beneficial Owners (hereinafter defined) thereof will have no right to receive physical possession of the Series 2002A Bonds, and transfers of ownership interests in the Series 2002A Bonds will be made through book-entries by DTC and Direct Participants (as hereinafter defined). See "Book-Entry Only System" below.**

The County will perform the paying agency and registrar services described in this Official Statement; provided that if the book-entry only system is discontinued, the County will appoint a financial institution to perform such services on its behalf (the County and any paying agent/registrar subsequently appointed are hereinafter collectively referred to as the "Registrar and Paying Agent").

If the book-entry system is discontinued, Series 2002A Bonds may be exchanged at the principal corporate trust office of the Registrar and Paying Agent, for a like aggregate principal amount of Series 2002A Bonds of other authorized denominations of the same maturity. No exchange may be made during the 15 days preceding any date set by the Registrar and Paying Agent for the selection of Series 2002A Bonds for redemption prior to maturity. The Registrar and Paying Agent may require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The registration of any Series 2002A Bond may, in accordance with its terms to be transferred upon the registration books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2002A Bond for cancellation at the principal corporate trust office of the Registrar and Paying Agent, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar and Paying Agent. No transfer may be made during the 15 days preceding any date set by the Registrar and Paying Agent for the selection of Series 2002A Bonds for redemption prior to maturity. Whenever any Series 2002A Bond or Series 2002A Bonds shall be surrendered for registration of transfer, the Registrar and Paying Agent shall execute, authenticate and deliver a new Series 2002A Bond or Series 2002A Bonds for a like aggregate principal amount.

If any Series 2002A Bond shall become mutilated, the Registrar and Paying Agent, upon the request and at the expense of the Owner of said Series 2002A Bond, shall execute and deliver a new Series 2002A Bond of like tenor, maturity and number in exchange and substitution for the Series 2002A Bond so mutilated, but only upon surrender to the Registrar and Paying Agent of the Series 2002A Bond so mutilated. Every mutilated Series 2002A Bond so surrendered to the Registrar and Paying Agent shall be cancelled by it. If any Series 2002A Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Registrar and Paying Agent, and, if such evidence is satisfactory to the Registrar and Paying Agent and if an indemnity satisfactory to the Registrar and Paying Agent shall be given, the Registrar and Paying Agent, at the expense of the Series 2002A Bond Owner,

shall execute and deliver a new Series 2002A Bond of like tenor and maturity and numbered as the Registrar and Paying Agent shall determine in lieu of and in substitution for the Series 2002A Bond so lost, destroyed or stolen. The Registrar and Paying Agent may require payment of an appropriate fee for each new Series 2002A Bond delivered and of the expenses which may be incurred by the Registrar and Paying Agent in carrying out its duties as described in this paragraph. Notwithstanding any other provision of this paragraph, in lieu of delivering a new Series 2002A Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Registrar and Paying Agent may make payment with respect to such Series 2002A Bond.

### **Book-Entry Only System**

*The information contained in the following paragraphs of this subsection “Book-Entry Only System” has been extracted from a schedule prepared by the Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE.” The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.*

DTC will act as securities depository for the Series 2002A Bonds. The Series 2002A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each annual maturity of the Series 2002A Bonds, each in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, LLC, the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodian relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2002A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2002A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2002A Bonds are to be accomplished by entries made on the books of Direct and

Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2002A Bonds, except in the event that use of the book-entry system for the Series 2002A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2002A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2002A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2002A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2002A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2002A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC or Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2002A Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2002A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2002A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the County, or the Registrar and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Bond Registrar and Paying Agent, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2002A Bonds at any time by giving reasonable notice to the County or the Registrar and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

NEITHER THE COUNTY, NOR THE REGISTRAR AND PAYING AGENT, WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO 1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; 2) THE PAYMENT BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT

PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2002A BONDS; 3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; 4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; OR 5) THE SELECTION BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF SERIES 2002A BONDS.

### **Redemption of Series 2002A Bonds**

***Optional Redemption.*** The Series 2002A Bonds maturing on or after June 1, 2013 are subject to optional redemption in whole or in part from prepayment of the Payments on the Series 2002A Bonds made at the option of the County in accordance with the Series 2002A Bonds, commencing June 1, 2012, or on any payment date thereafter, at a redemption price equal to the outstanding principal amount thereof, together with accrued interest to the date fixed for redemption.

The Series 2002A Bonds maturing by their terms prior to June 1, 2013 are not subject to optional redemption as described above.

***Selection of Series 2002A Bonds for Redemption.*** The Registrar and Paying Agent shall select Series 2002A Bonds for redemption by lot or in any other manner which the Registrar and Paying Agent shall in its sole discretion deem appropriate and fair. For the purposes of such selection, Series 2002A Bonds shall be deemed to be composed of \$5,000 portions and any such portion may be separately redeemed. Upon surrender of any Series 2002A Bond redeemed in part only, the Registrar and Paying Agent shall execute and deliver to the owner thereof, at the expense of the County, a new Series 2002A Bond or Series 2002A Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series 2002A Bond surrendered and of the same interest rate and the same maturity.

***Notice of Redemption.*** When redemption is authorized or required as described above, the Registrar and Paying Agent shall give notice of the redemption of the Series 2002A Bonds on behalf of the County. Such notice shall state the redemption date and redemption price and, if less than all of the then outstanding Series 2002A Bonds are to be called for redemption, shall designate the numbers of the Series 2002A Bonds to be called for redemption and shall require that such Series 2002A Bonds be then surrendered, at the principal office of the Registrar and Paying Agent for redemption at such redemption price. In the case of any Series 2002A Bond called for redemption only in part as described under "Selection of Series 2002A Bonds for Redemption" above, the notice shall further set forth the portion of the principal amount thereof which is to be redeemed. In each case, such notice shall state that on the specified redemption date there shall become due and payable upon each such Bond, the principal and premium, if any, together with interest accrued to such date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

The notice of redemption shall be mailed by first class mail to the respective Owners of those Series 2002A Bonds designated for redemption at their respective addresses appearing on the registration books of the Registrar and Paying Agent, at least 30 days but not more than 60 days prior to the redemption date; provided, however, that neither the failure of any Owner to receive such notice so mailed nor any immaterial defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Series 2002A Bonds.

***Effect of Notice of Redemption.*** If, on said date fixed for redemption, moneys for the redemption of all the Series 2002A Bonds to be redeemed, together with interest to said date of redemption and any applicable redemption premium, shall be held by the Registrar and Paying Agent so as to be available therefor on such date of redemption, and if notice of redemption thereof shall have been given as aforesaid, then, from and after said date of redemption, interest with respect to the Series 2002A Bonds designated for redemption shall cease to accrue or become payable. All moneys held by or on

behalf of the Registrar and Paying Agent for the redemption of Series 2002A Bonds shall be held in trust for the account of the Owners of the Series 2002A Bonds so to be redeemed.

### **Additional Bonds**

Pursuant to the terms of the Resolution and the Order, the County may from time to time issue Additional Bonds of the Bethesda Parking Lot District, on a parity with the Series 2002A Bonds and the other outstanding Parity Bonds. As a condition to the delivery of any such Additional Bonds, the County must procure a statement of an independent parking consultant, financial consultant, or a certified public accountant, not a regular employee of the County, expressing the opinion based upon necessary investigations that the Net Revenues for the preceding Fiscal Year for which an audit is available (with allowable adjustments as herein described) of the Bethesda Parking Lot District were equal to at least 1.25 times the maximum amount that will be required in any future Fiscal Year for making lease payments on irrevocable or long-term leases and paying the principal of and interest (except for capitalized interest) on the then-outstanding Bonds of the Bethesda Parking Lot District and such Additional Bonds. For the purpose of determining the Net Revenues of the Bethesda Parking Lot District for the preceding Fiscal Year as aforesaid, the amount of the gross revenues of such year may be adjusted so as to reflect (i) any changes in the amount of such revenues that would have resulted had any revision of the schedule of rates or charges imposed at or prior to the time of the delivery of such Additional Bonds been in effect during all of such preceding Fiscal Year and (ii) fifty percent of the net change in available parking spaces in the Bethesda Parking Lot District resulting or to result from the expenditure of the proceeds of such Additional Bonds.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2002A BONDS**

### **General**

The Series 2002A Bonds will be payable from the revenues of the Bethesda Parking Lot District, on a parity basis with the Bethesda Parking Lot District's other outstanding Bonds.

The Series 2002A Bonds are obligations of the Bethesda Parking Lot District, issued pursuant to the Authorizing Legislation, the Resolution and the Order. The Series 2002A Bonds are issued on a parity with the outstanding Bonds of the Bethesda Parking Lot District issued under the Resolution and the Order. See "THE BETHESDA PARKING LOT DISTRICT" herein.

### **Pledge of Net Revenues**

So long as the Series 2002A Bonds or any other Parity Bonds issued to finance Facilities within or operated by the Bethesda Parking Lot District are outstanding and unpaid, the County has covenanted in the Resolution and the Order to levy special taxes and to assess parking meter and other fees, respectively, which are payable pursuant to the Montgomery County Code 1994, as amended (the "County Code"), within the Bethesda Parking Lot District in rate and amount which shall be sufficient in each Fiscal Year to maintain Net Revenues of not less than the sum of (1) 1.25 times the amount required for making lease payments on irrevocable or long-term leases relating to Facilities, and paying the maximum principal of and interest (except for capitalized interest) on all Bonds (including the Series 2002A Bonds) issued for the financing or refinancing of Facilities within or operated by the Bethesda Parking Lot District in such Fiscal Year or any succeeding Fiscal Year, plus (2) 100% of the County's obligations with respect to repayment of all Policy Costs due and owing in such Fiscal Year.

Net Revenues of the Bethesda Parking Lot District are irrevocably pledged to the timely payment of the principal of, premium, if any, and interest on all Bonds of the County (including the Series 2002A Bonds) issued for the financing or refinancing of Facilities within or operated by the Bethesda Parking Lot District.

Revenues of the Bethesda Parking Lot District include Parking Fee Revenues, Parking Fine Revenues, Parking Tax Revenues, lease payments, if any, and certain interest income. The pledge of Revenues is subject to the payment of Current Expenses. The Revenues of the Bethesda Parking Lot District must be applied to pay the debt service on all Bonds of the County (including the Series 2002A Bonds) which are issued to finance Facilities within the Bethesda Parking Lot District.

The County Executive has the authority pursuant to Chapters 31 and 60 of the County Code to prescribe parking fees, from time to time and at any time, without limitation, for parking on or in Facilities in the Bethesda Parking Lot District. The County Executive also establishes fines for parking violations.

The Montgomery County Council has the authority pursuant to Chapter 60 of the County Code to levy a special tax relating to parking within the Bethesda Parking Lot District. The revenues from the special taxes, parking fees and fines collected from the Bethesda Parking Lot District must be used first to pay the principal of and interest on, when due, any outstanding Bonds (including the Series 2002A Bonds), the proceeds of which are used to acquire, construct, maintain or operate Facilities in the Bethesda Parking Lot District.

The special tax is levied within the Bethesda Parking Lot District on certain property used for commercial, industrial and general business purposes, including land and improvements, and tangible personal property located on such land or within such improvements (collectively, “commercial/industrial property”). The special tax is also levied on certain property not so used, but zoned or otherwise classified for such use (“unimproved property”). Certain nontransient residences are not subject to the special tax. Railroad yards and rights-of-way, other than passenger stations, are exempt from the special tax. If an owner or lessee of property in the Bethesda Parking Lot District provides off-street parking facilities, such property may be exempt from the special tax or the applicable special tax may be reduced. The County Code specifies levy limits for commercial/industrial property of \$0.40 per hundred dollars of assessed valuation for real property and \$1.00 per hundred dollars of assessed valuation for personal property, and for unimproved property of \$0.20 per hundred dollars of assessed valuation for real property and \$0.50 per hundred dollars of assessed valuation for personal property. The County Council may raise the current levies up to the levy limit without amending the County Code. The County has the authority to amend Chapter 60 of the County Code, including the authority to broaden the special tax base and to raise the levy limit. Such amendment may be subject to a petition for referendum.

#### **Rate Covenant**

So long as the Series 2002A Bonds and any other Bonds issued to finance Facilities within the Bethesda Parking Lot District are outstanding and unpaid, the County has covenanted to prescribe and levy, as applicable, within the Bethesda Parking Lot District, the parking meter or other fees payable pursuant to Chapters 31 and 60 of the County Code and special taxes payable pursuant to Chapter 60 of the County Code in rate and amount which shall be sufficient in each Fiscal Year to maintain Net Revenues of not less than the sum of (1) 1.25 times the amount required for making lease payments on irrevocable or long-term leases relating to Facilities within or operated by the Bethesda Parking Lot District in such Fiscal Year, and paying the maximum principal of and interest (except for capitalized interest) on the Series 2002A Bonds and any other Bonds of the County issued to finance Facilities within the Bethesda Parking Lot District in such Fiscal Year or any succeeding Fiscal Year, plus (2) 100% of the County’s obligations with respect to repayment of all Policy Costs due and owing in such Fiscal Year.

A table displaying the debt service coverage calculation based upon Fiscal Year 2001 Net Revenues appears on the following page.

**Montgomery County, Maryland**  
**Bethesda Parking Lot District**  
**Debt Service Reserve Requirement Funded by Surety**  
**Coverage Calculation and Additional Bonds Test**

Fiscal Year <u>Ending June 30,</u>	Principal and Interest				<u>Coverage(1)</u>
	Outstanding General <u>Obligation Bonds</u>	Outstanding Parking <u>Revenue Bonds</u>	Current Parking <u>Revenue Bonds</u>	Total <u>Debt</u>	
2002	\$ 285,000.00	\$ 2,752,907.50	\$ -	\$ 3,037,907.50	2.76X
2003	267,500.00	2,691,204.17	2,090,677.50	5,049,381.67	1.66X
2004	-	2,663,900.00	2,035,377.50	4,699,277.50	1.79X
2005	-	2,675,700.00	2,025,902.50	4,701,602.50	1.78X
2006	-	2,691,550.00	2,020,552.50	4,712,102.50	1.78X
2007	-	2,698,875.00	2,019,152.50	4,718,027.50	1.78X
2008	-	1,622,250.00	2,016,527.50	3,638,777.50	2.31X
2009	-	1,638,000.00	2,022,677.50	3,660,677.50	2.29X
2010	-	-	2,021,477.50	2,021,477.50	4.15X
2011	-	-	2,023,477.50	2,023,477.50	4.15X
2012	-	-	2,028,477.50	2,028,477.50	4.14X
2013	-	-	2,031,277.50	2,031,277.50	4.13X
2014	-	-	2,040,517.50	2,040,517.50	4.11X
2015	-	-	2,044,955.00	2,044,955.00	4.10X
2016	-	-	2,049,767.50	2,049,767.50	4.09X
2017	-	-	2,056,127.50	2,056,127.50	4.08X
2018	-	-	2,062,552.50	2,062,552.50	4.07X
2019	-	-	2,068,662.50	2,068,662.50	4.06X
2020	-	-	2,074,062.50	2,074,062.50	4.05X
2021	-	-	<u>2,079,287.50</u>	<u>2,079,287.50</u>	4.04X
Total	\$ 552,500.00	\$ 19,434,386.67	\$ 38,811,510.00	\$ 58,798,396.67	

(1) Coverage is based upon the following calculation. All figures are from Exhibit F-2 of the County's Comprehensive Annual Financial Report - Fiscal Year 2001.

Total Operating Revenue	\$ 8,533,145.00
Property Taxes	3,390,866.00
Investment Income	<u>1,001,804.00</u>
Gross Revenues	\$ 12,925,815.00
Operating Expenses	\$ 7,441,304.00
Less: Depreciation and Amortization	<u>(2,906,366.00)</u>
Current Expenses	\$ 4,534,938.00
Net Revenues for Fiscal Year ending June 30, 2001	<u><u>\$ 8,390,877.00</u></u>

### **Debt Service Reserve Account**

The Order establishes a Debt Service Reserve Account (the "Reserve Account") for the Bethesda Parking Lot District. The Reserve Account may be funded from the Bethesda Parking Lot District's surplus cash or bond proceeds, or by the deposit of a credit facility with a custodian, on the date of issuance of any Bonds in an amount equal to the least of (1) 125 % of the average annual debt service on the Bonds; (2) the maximum annual debt service of the Bonds; or (3) 10% of the proceeds of the sale of the Bonds. See "THE PROJECT – Estimated Sources and Uses of Funds" herein.

Money in the Reserve Account may be used solely for the purpose of paying principal at maturity of, or interest on, the Parity Bonds for the payment of which insufficient money shall be available in the Debt Service Account. Whenever it shall become necessary to so use money in the Reserve Account, the County must make monthly payments from Revenues into the Reserve Account until it shall have been restored to the required minimum amount.

The Order establishes other debt service reserve accounts securing bonds issued for parking lot districts other than the Bethesda Parking Lot District. Such other debt service reserve accounts do not secure any Bonds.

### **MUNICIPAL BOND INSURANCE**

Set forth below is a brief summary of certain information concerning Financial Guaranty Insurance Company ("Financial Guaranty") and the terms of the Municipal Bond Insurance Policies for the Series 2002A Bonds. Information with respect to Financial Guaranty and the Municipal Bond Insurance Policies has been supplied by Financial Guaranty. No representation is made herein by the County as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Reference is made to Appendix F for a specimen form of the Municipal Bond New Issue Insurance Policy.

#### **Bond Insurance**

Concurrently with the issuance of the Series 2002A Bonds, Financial Guaranty will issue a Municipal Bond New Issue Insurance Policy (the "Policy") for the Series 2002A Bonds. The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Series 2002A Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the County. Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Series 2002A Bonds or the Paying Agent of the nonpayment of such amount by the County. The Fiscal Agent will disburse such amount due on any Series 2002A Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Series 2002A Bond includes any payment of principal or interest (as applicable) made to an owner of a Series 2002A Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Series 2002A Bonds. The Policy covers failure to pay principal of the Series 2002A Bonds on their stated maturity dates, and not on any other date on which the Series 2002A Bonds may have been otherwise

called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Series 2002A Bonds are set forth in Appendix B to this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the County is required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section regarding the ratings assigned to the Series 2002A Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Series 2002A Bonds.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

#### **Debt Service Reserve Fund Policy**

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond Debt Service Reserve Fund Policy (the "Reserve Policy"). The Reserve Policy unconditionally guarantees the payment of that portion of the principal or accreted value (as applicable) of and interest on the Series 2002A Bonds described therein which has become due for payment, but shall be unpaid by reason of nonpayment by the Issuer, provided that the aggregate amount paid under the Reserve Policy may not exceed the maximum amount set forth in the Reserve Policy. Financial Guaranty will make such payments to the paying agent (the "Paying Agent") for the Series 2002A Bonds on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice subsequently confirmed in writing or written notice by registered or certified mail from the Paying Agent of the nonpayment of such amount by the Issuer. The term "nonpayment" in respect of a Series 2002A Bond includes any payment of principal or interest made to an owner of a Series 2002A Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final nonappealable order of a court having competent jurisdiction.

The Reserve Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Series 2002A Bonds. The Reserve Policy covers failure to pay principal of the Series 2002A Bonds on their respective stated maturity dates, or dates on which the same shall have been called for mandatory sinking fund redemption, and not on any other date on which the Series 2002A Bonds may have been accelerated, and covers the failure to pay an installment of interest on the stated date for its payment. The Reserve Policy shall terminate on the scheduled final maturity date of the Series 2002A Bonds being issued.

Generally, in connection with its issuance of a Reserve Policy, Financial Guaranty requires, among other things, (i) that, so long as it has not failed to comply with its payment obligations under the Reserve Policy, it be granted the power to exercise any remedies available at law or under the authorizing document other than (A) acceleration of the Series 2002A Bonds or (B) remedies which would adversely affect holders in the event that the issuer fails to reimburse Financial Guaranty for any draws on the Reserve Policy; and (ii) that any amendment or supplement to or other modification of the principal legal

documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its issuance of the Reserve Policy are set forth in Appendix B to this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the County is required to provide additional or substitute credit enhancement, and related matters.

The Reserve Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

### **Financial Guaranty**

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 2001, the total capital and surplus of Financial Guaranty was approximately \$1.002 billion. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

## **THE PROJECT**

### **General**

The Project provides for the construction of two multi-level public parking garages in the Bethesda Central Business District in Bethesda, Maryland, known as "Garage 36" and "Garage 42," respectively. The Bethesda Central Business District is a highly-developed commercial corridor with significant office, retail and commercial activity. See "Economic Development Initiatives -- Central Business Districts" in the County's Annual Information Statement dated December 28, 2001, provided under separate cover and incorporated herein by reference as Appendix A.

*Garage 36.* Garage 36 will be a 753-space multi-story above-ground public parking garage to accommodate existing and future parking demands in the Woodmont Triangle area of Bethesda. Garage 36 will adjoin facilities for cultural use by Imagination Stage, Inc., which will be financed from sources other than the Series 2002A Bonds. No land acquisition is required. Site size is approximately 63,250 square feet with access to Auburn Avenue and Del Ray Avenue. The County has retained Hayes, Seay, Mattern & Mattern, Inc., and Dustin Construction, Inc., Contractors, to design and build Garage 36, respectively. The total budgeted cost of Garage 36 is \$17,901,000.

*Garage 42.* Garage 42 will be a 345-space multi-level underground public parking garage to accommodate existing and future parking demands in the Bethesda Central Business District. This garage will adjoin a mixed-use project that includes preservation of the historic Bethesda Theatre, high-rise and mid-rise apartments with about 244 units, nine townhomes, and a private below-grade parking garage with about 285 spaces. Garage 42 will be located south of Cheltenham Drive between Wisconsin Avenue and Tilbury Street, with access from Cheltenham Drive and Middleton Lane. The County has entered into agreements with a developer, Bethesda Theatre, LLC, to provide design and construction services for Garage 42. The total budgeted cost of this garage is \$12,488,000.

## Estimated Sources and Uses of Funds

### Sources of Funds

Principal Amount of the Series 2002A Bonds .....	\$26,000,000.00
Accrued interest .....	<u>72,045.17</u>
Total Sources of Funds .....	<u><u>\$26,072,045.17</u></u>

### Use of Funds

Deposit to Project Fund .....	\$25,473,000.00
Original Issue Discount (OID) .....	27,536.75
Accrued interest .....	72,045.17
Costs of Issuance (1) .....	498,167.13
Contingency .....	<u>1,296.12</u>
Total Uses of Funds .....	<u><u>\$26,072,045.17</u></u>

- 
- (1) Includes the Underwriter's discount and fees, certain fees and expenses of Bond Counsel and the financial advisor to the County, bond insurance premium, printing costs, fees and expenses of the Registrar and Paying Agent, rating agency fees and other miscellaneous expenses.

## THE COUNTY

Montgomery County, Maryland (the "County"), the most populous political subdivision in Maryland, is a chartered county with separate legislative and executive branches of government. Located adjacent to Washington, D.C., the County has 497 square miles of land area.

For further information regarding the County, see the County's Annual Information Statement dated December 28, 2001, provided under separate cover and incorporated herein by reference as Appendix A.

***The Series 2002A Bonds are not general obligations of the County and do not constitute a pledge of the full faith and credit or the taxing powers of the County. The Series 2002A Bonds are payable solely from the revenues of the Bethesda Parking Lot District.***

## THE BETHESDA PARKING LOT DISTRICT

### General

The Bethesda Parking Lot District is one of four parking lot districts established in the County pursuant to Chapter 60 of the Montgomery County Code. The four parking lot districts and their respective dates of establishment are as follows:

<u>Parking Lot District</u>	<u>Date of Establishment</u>
Silver Spring	1943
Bethesda	1947
Wheaton	1951
Montgomery Hills	1951

**Bethesda Parking Lot District Facilities**

The Bethesda Parking Lot District includes 16 separate Facilities, providing 881 surface parking spaces, 4,747 multi-level garage spaces and 765 metered curb spaces.

A map of the Bethesda Parking Lot District appears on the following page.

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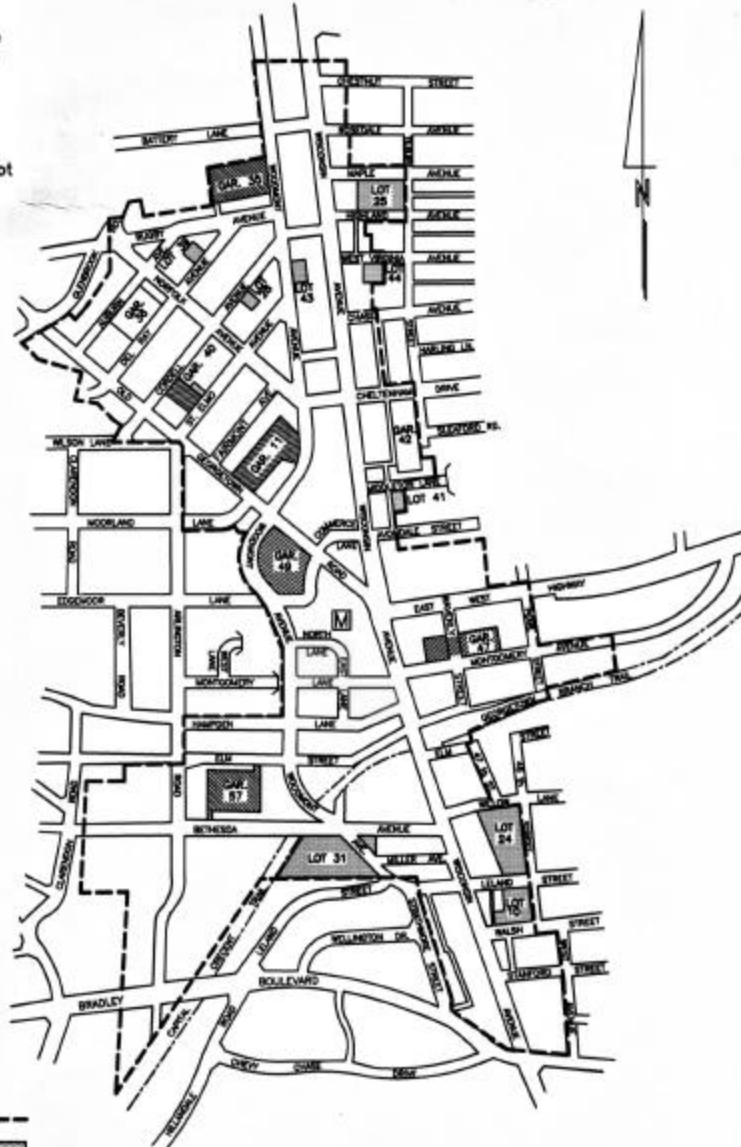
### Garage Names

Gar. 11 Woodmont Corner Garage  
 Gar. 35 Woodmont-Rugby Garage  
 Gar. 40 Cordell-St. Elmo Garage  
 Gar. 47 Waverly Garage  
 Gar. 49 Metropolitan Garage  
 Gar. 57 Bethesda-Elm Garage

Lot 24 Farm Woman's Market Lot  
 Lot 31 Capital Crescent Lot

### Future Facilities

Gar. 36 Auburn-Del Ray Garage  
 Gar. 42 Cheltenham Garage



Parking Lot District Boundary	---
Public Parking Lot	---
Public Parking Garage	---
Proposed	---

TOTAL NO. SURFACE PARKING LOT SPACES	881
TOTAL NO. MULTI-LEVEL GARAGE SPACES	4747
TOTAL NO. METERED CURB SPACES	788
TOTAL PUBLIC PARKING SPACES	6394
TOTAL NO. SURFACE PARKING LOTS	9
TOTAL NO. MULTI-LEVEL PARKING GARAGES	6

## OFF-STREET PUBLIC PARKING FACILITIES BETHESDA PARKING LOT DISTRICT

Montgomery County, Maryland  
 Department of Public Works  
 and Transportation  
 Division of Traffic & Parking Services

January, 2002

## Revenue Sources of the Bethesda Parking Lot District

The primary revenue sources of the Bethesda Parking Lot District are parking fee revenues, parking fine revenues and special tax revenues.

**Parking Fee Revenues.** The County has budgeted parking fee revenues for Fiscal Year 2002 of \$7,164,950. Parking fees for short-term, long-term, monthly and car pools established as of Fiscal Year 2002 are shown in the table below.

### Fee Schedule Bethesda Parking Lot District

<u>Fee Arrangement</u>	<u>Amount</u>
Short-term – per hour	\$ .75
Long-term – per hour	.50
Monthly	85.00
2 Person Carpool (monthly)	70.00
3-4 Person Carpool (monthly)	40.00
5 or More Person Carpool (monthly)	10.00

**Special Tax Revenues.** The table below presents the historical and projected base upon which the special tax is levied in the Bethesda Parking Lot District. The Unimproved Tax Base varies as a result of demolition and reconstruction of new property on the same site.

### Existing and Projected Special Tax Base (\$000) (1) Bethesda Parking Lot District

<u>Fiscal Year</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>
	<u>Improved</u>	<u>Unimproved(2)</u>	<u>Improved</u>	<u>Unimproved</u>	
1997	\$540,482	\$82,050	\$161,900	\$1,962	\$ 786,394
1998	540,241	81,544	165,757	2,205	789,747
1999	579,354	88,496	163,328	2,790	833,968
2000	623,017	77,815	177,659	3,777	882,268
2001	725,362	37,648	177,025	19,311	959,346
2002	752,000	42,400	181,200	3,900	979,500
2003	767,000	43,200	183,000	3,900	997,100
2004	782,300	44,100	184,800	3,900	1,015,100
2005	797,900	45,000	186,600	3,900	1,033,400
2006	813,900	45,900	188,500	3,900	1,052,200

(1) Prior to July 1, 2000, Maryland law provided that real property was assessed at 40% of its fair market value. Effective July 1, 2000 (Fiscal Year 2001), Maryland law was amended to provide that real property is assessed at 100% of its fair market value, with corresponding reductions in tax rates. Fiscal Years 1997 through 2000 have been reflected at 100% of fair market value on this schedule for comparison purposes. Amounts shown for Fiscal Years 2002 through 2006 are projections.

(2) During Fiscal Year 2001 significant amounts of property converted from unimproved to improved.

The current levy is \$0.280 and \$0.140 per one hundred dollars of assessed valuation, respectively, for commercial/industrial property and unimproved property in the Bethesda Parking Lot District. If an owner or lessee of property in the Bethesda Parking Lot District provides off-street parking facilities, such property may be exempt from the special tax or the applicable special tax may be reduced. However, Chapter 60 of the County Code provides no reduction in special tax unless a certain minimum number of parking spaces is provided.

The determination of the parking fees and the special tax is part of the normal budgetary process of the County. For further information regarding the County, see the County's Annual Information Statement dated December 28, 2001, provided under separate cover and incorporated herein by reference as Appendix A.

**Parking Fine Revenues.** Fines and penalties budgeted to be collected in Fiscal Year 2002 by the Bethesda Parking Lot District will amount to approximately \$2,961,210.

**Historical Revenue Collections.** The following table presents a history of special tax rates, levies and collections for the Bethesda Parking Lot District.

**Summary of Special Tax Rates, Levies and Collections  
Bethesda Parking Lot District**

<b>Fiscal Year Ended</b>			<b>Total Taxes Levied</b>	<b>Total Taxes Collected</b>	<b>Percentage of Total Levy Collected</b>	<b>Aggregate State &amp; County Tax Rates, Excluding Special Tax Rates</b>
<b>June 30</b>	<b>Unimproved</b>	<b>Commercial/ Industrial</b>				
1992	\$0.35	\$0.70	\$3,522,268	\$3,648,525	103.58%	\$2.888
1993	0.35	0.70	3,179,279	2,970,567	93.44	2.753
1994	0.35	0.70	2,874,456	2,850,150	99.15	2.758
1995	0.35	0.70	2,795,141	2,651,712	94.87	2.824
1996	0.35	0.70	2,800,390	2,709,302	96.75	2.836
1997	0.35	0.70	2,767,884	2,456,351	88.74	2.847
1998	0.35	0.70	2,794,859	2,849,414	101.95	2.847
1999	0.35	0.70	2,899,145	2,831,380	97.66	2.828
2000	0.35	0.70	3,020,402	3,224,715	106.76	2.801
2001	0.35	0.70	3,390,866	3,271,340	96.48	2.802

**Outstanding Parity Bonds**

The following table presents the debt service requirements of the Bethesda Parking Lot District upon the issuance of the Series 2002A Bonds.

[table appears on following page]

**Summary of Debt Service Requirements by Fiscal Year  
Bethesda Parking Lot District**

Fiscal Year	Bonds Outstanding June 1, 2002			Series 2002A Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2002	\$1,785,000	\$483,954	\$2,268,954	\$ --	\$ --	\$ --	\$1,785,000	\$483,954	\$2,268,954
2003	2,375,000	583,704	2,958,704	1,010,000	1,080,678	2,090,678	3,385,000	1,664,382	5,049,382
2004	2,205,000	458,900	2,663,900	985,000	1,050,378	2,035,378	3,190,000	1,509,278	4,699,278
2005	2,305,000	370,700	2,675,700	1,010,000	1,015,903	2,025,903	3,315,000	1,386,603	4,701,603
2006	2,390,000	301,550	2,691,550	1,040,000	980,553	2,020,553	3,430,000	1,282,103	4,712,103
2007	2,475,000	223,875	2,698,875	1,075,000	944,153	2,019,153	3,550,000	1,168,028	4,718,028
2008	1,485,000	137,250	1,622,250	1,110,000	906,528	2,016,528	2,595,000	1,043,778	3,638,778
2009	1,575,000	63,000	1,638,000	1,155,000	867,678	2,022,678	2,730,000	930,678	3,660,678
2010	--	--	--	1,200,000	821,478	2,021,478	1,200,000	821,478	2,021,478
2011	--	--	--	1,250,000	773,478	2,023,478	1,250,000	773,478	2,023,478
2012	--	--	--	1,305,000	723,478	2,028,478	1,305,000	723,478	2,028,478
2013	--	--	--	1,360,000	671,278	2,031,278	1,360,000	671,278	2,031,278
2014	--	--	--	1,425,000	615,518	2,040,518	1,425,000	615,518	2,040,518
2015	--	--	--	1,490,000	554,955	2,044,955	1,490,000	554,955	2,044,955
2016	--	--	--	1,560,000	489,768	2,049,768	1,560,000	489,768	2,049,768
2017	--	--	--	1,635,000	421,128	2,056,128	1,635,000	421,128	2,056,128
2018	--	--	--	1,715,000	347,553	2,062,553	1,715,000	347,553	2,062,553
2019	--	--	--	1,800,000	268,663	2,068,663	1,800,000	268,663	2,068,663
2020	--	--	--	1,890,000	184,063	2,074,063	1,890,000	184,063	2,074,063
2021	--	--	--	1,985,000	94,288	2,079,288	1,985,000	94,288	2,079,288
Total	<u>\$16,595,000</u>	<u>\$2,622,933</u>	<u>\$19,217,933</u>	<u>\$26,000,000</u>	<u>\$12,811,519</u>	<u>\$38,811,519</u>	<u>\$42,595,000</u>	<u>\$15,434,452</u>	<u>\$58,029,452</u>

**Montgomery County Department of Public Works and Transportation**

The Montgomery County Department of Public Works and Transportation (the “Department”), through its Division of Traffic and Parking Services, is responsible for providing, operating and maintaining an economically self-sufficient system of public parking which promotes the economic growth and welfare of the County’s Central Business Districts (“CBDs”) in Bethesda, Silver Spring and Wheaton. The Department is also responsible for providing public parking in Montgomery Hills. Comprehensive planning is a vital component of overall transportation management in the CBDs and, in particular, is critical to supplying a sufficient number of parking spaces to accommodate that segment of the public demand that is not provided for by the private sector nor served by alternative travel modes.

The public parking system is designed to complement other modes of travel and support a balanced total transportation system serving the needs of the CBDs in accordance with County transportation and development policies and goals. Mixed-use garages (as in the case of the Project) and utilization of air rights development are two of the strategies employed to maximize revenue potentials and to provide public parking facilities in accordance with the urban design goals of the County.

By policy, the County does not construct new parking facilities until development is committed. This assures that market demand for Facilities is present and avoids the construction of speculative projects.

## **Parking Capital Improvements Program**

The County Executive's recommended capital improvements program for Fiscal Years 2003-08 for the Bethesda Parking Lot District (PLD) includes five ongoing projects other than the Project, at an aggregate projected capital cost of \$29,061,000. These projects are briefly described below.

### *Bethesda Facility Renovations*

This project, funded with current PLD revenues, provides for the renovation of, or improvements to, Bethesda parking facilities. This is a continuing program of contractual improvements or renovations, with changing priorities depending upon the type of deterioration and corrections required, that will protect or improve the physical infrastructure to assure construction of safe and reliable parking facilities and to preserve the County's investment. The scope of this project will vary depending on the results of studies conducted under the Facility Planning: Parking project. Included are annual consultant services, if required, to provide investigation, analysis, recommended repair methods, contract documents, inspection, and testing.

### *Bethesda Waste Water Quality*

This project, funded with current PLD revenues, provides for the modification of storm and sanitary sewer lines, the installation of a stormceptor system, and WSSC-approved oil/sand interceptors in several garages in Bethesda.

### *Facility Planning: Parking*

This project provides funds for parking facility planning studies for a variety of projects under consideration for possible inclusion in the CIP. In addition, facility planning serves as a transition stage for a project between master plan or conceptual stage and its inclusion as a stand-alone project in the CIP. Prior to the establishment of a stand-alone project, the Department of Public Works and Transportation will develop a Program of Requirements (POR) that outlines the general and specific features required on the project. Selected projects range in type including the construction of new parking facilities or improvements to existing facilities. Facility planning is a decision-making process to determine the purpose and need of a candidate project through a rigorous investigation of the following critical project elements: usage forecasts; economic, social, environmental, and historic impact analyses; public participation, investigation of non-County sources of funding; and detailed cost estimates. Facility planning represents planning and preliminary design and develops a POR in advance of full programming of a project in the CIP. This project is funded with current PLD revenues.

### *Bethesda Woodmont Corner Garage 11 Restoration*

This project provides for the planning, design, and major restoration of Woodmont Corner Garage 11. The restoration program includes, but is not limited to, replacement of all structural floor slabs, mechanical, electrical, and plumbing systems in the portion of the structure completed in 1970; a new façade system for the Woodmont Avenue elevation; upgrade of two existing elevators; waterproofing decks; painting; masonry/stair repairs; replacement/upgrade of parking revenue control system; security enhancements; and other items needed for the facility to conform to codes.

### *Bethesda Wayfinding*

This project, funded with current PLD revenues, provides for the design, fabrication and installation of interior and exterior Wayfinding Signage and Graphics in various Bethesda public parking garages to improve the user-friendliness/image of the facilities.

## **TAX MATTERS**

In the opinion of Bond Counsel, under existing law, the interest on the Series 2002A Bonds (a) is excludable from gross income for Federal income tax purposes, and (b) is not an enumerated preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States.

Under the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), there are certain requirements that must be met subsequent to the issuance of the Series 2002A Bonds in order for the interest on the Series 2002A Bonds to remain excludable from gross income for Federal income tax purposes, including restrictions that must be complied with throughout the term of the Series 2002A Bonds. Such restrictions include, among other things, limitations on the yield of investments acquired with gross proceeds of the Series 2002A Bonds and the periodic payment to the United States of specified portions of arbitrage profit derived from such investments.

In order to comply with the requirements of the Code, the County will execute and deliver a Tax Certificate and Compliance Agreement (“Tax Agreement”) on the date of delivery of the Series 2002A Bonds. The covenants and agreements in the Tax Agreement are designed to satisfy the requirements of Section 103 and Sections 141 through 150, inclusive, of the Code, and the income tax regulations issued thereunder. In the opinion of Bond Counsel, the covenants and agreements in the Tax Agreement are sufficient to meet the requirements (to the extent applicable to the Series 2002A Bonds) of Section 103 and Sections 141 through 150 of the Code. However, Bond Counsel assumes no responsibility for, and will not monitor, compliance with the covenants and agreements in the Tax Agreement. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2002A Bonds from becoming includable in gross income for Federal income tax purposes.

Under the Code, in calculating corporate alternative minimum tax, a corporation is required to increase its alternative minimum taxable income by 75 percent of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For this purpose, “adjusted current earnings” would include, among other items, interest on the Series 2002A Bonds. In addition, the Code imposes a branch-level tax on certain earnings and profits of foreign corporations operating branches in the United States, and such earnings and profits would include interest on the Series 2002A Bonds.

Other Federal income tax consequences may arise from ownership of the Series 2002A Bonds, and in connection therewith, attention is directed to the following provisions of the Code: (a) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2002A Bonds or, in the case of a financial institution, that portion of a holder’s interest expense allocated to interest on the Series 2002A Bonds, (b) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2002A Bonds, (c) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on obligations such as the Series 2002A Bonds, and (d) for S corporations having subchapter C earnings and profits, the receipt of certain amounts of passive investment income, which includes interest on the Series 2002A Bonds, may result in the imposition of income tax on such passive investment income and, in some cases, loss of S corporation status. The foregoing is only a general summary of certain provisions of the Code and does not purport to be complete; prospective purchasers and holders of the Series 2002A Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

The initial public offering price of some of the Series 2002A Bonds may be less than the amount payable on those Series 2002A Bonds at maturity. The excess, if any, of the amount payable at maturity of a Series 2002A Bond over the initial public offering price (plus accrued interest from June 1, 2002, to the date of initial delivery of the Series 2002A Bond) at which a substantial amount of the same maturity of the Series 2002A Bonds was sold constitutes original issue discount for Federal income tax purposes (“OID”). The full amount of OID will accrue over the term of a Series 2002A Bond in accordance with a constant yield method (using semi-annual compounding) which allocates smaller portions of OID to earlier semi-annual compounding periods and larger portions of OID to later semi-annual compounding periods. In the case of an original or a subsequent holder of a Series 2002A Bond, the amount of OID which is treated as having accrued with respect to such Series 2002A Bond during the period that the holder has held it (a) is not included in the gross income of the holder for Federal income tax purposes, and (b) is included in the cost basis of the holder in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). Holders of Series 2002A Bonds should consult their tax advisors with respect to the determination, for Federal income tax purposes, of OID accrued upon the sale, redemption or payment at maturity of such Series 2002A Bonds.

A Series 2002A Bond will be considered to have been issued at a premium if, and to the extent that, the holder’s tax basis in the Series 2002A Bond exceeds the amount payable at maturity (or, in the case of a Series 2002A Bond callable prior to maturity, the amount payable on the earlier call date). The holder will be required to reduce his tax basis in the Series 2002A Bond for purposes of determining gain or loss upon disposition of the Series 2002A Bond by the amount of amortizable bond premium that accrues (determined on a constant yield method) during the period of ownership. No deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the Series 2002A Bonds.

Prospective purchasers of the Series 2002A Bonds should consider possible state and local, excise, or franchise tax consequences arising from OID on the Series 2002A Bonds. In addition, prospective corporate purchasers of the Series 2002A Bonds should consider possible Federal income tax consequences arising from OID on the Series 2002A Bonds under the alternative minimum tax and the branch profits tax described above.

Legislative proposals presently before Congress or that are introduced after issuance and delivery of the Series 2002A Bonds, if enacted, could alter or amend one or more of the Federal tax matters referred to above and/or adversely affect the market value of the Series 2002A Bonds. It cannot be predicted whether or in what form any such proposal may be enacted, and there can be no assurance that any such proposal would not apply to obligations issued prior to the enactment of such proposal. Accordingly, prospective purchasers of the Series 2002A Bonds should consult with their tax advisors as to the status and potential effect of such proposals.

In the opinion of Bond Counsel, under existing law of the State of Maryland, the interest on the Series 2002A Bonds and the profit realized from the sale or exchange of the Series 2002A Bonds is exempt from income taxation by the State of Maryland or by any of its political subdivisions; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the Series 2002A Bonds or the interest thereon.

Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Prospective purchasers of the Bonds should consult their tax advisors regarding the taxable status of the Bonds in a particular state or local jurisdiction other than the State of Maryland.

## **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, tax-exempt nature and validity of the Series 2002A Bonds are subject to the approving opinion of Bond Counsel.

## **ENFORCEABILITY OF REMEDIES**

The remedies available to the Registrar and Paying Agent and the Owners of the Series 2002A Bonds upon an event of default under the Order are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided for under the Order may not be readily available or may be limited. The enforceability of certain legal rights related to the Series 2002A Bonds is subject to limitations imposed by bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights and to general principles of equity.

## **ABSENCE OF MATERIAL LITIGATION**

There is no pending or threatened litigation to which the County is a party which in any way questions or affects the validity of the Series 2002A Bonds, or any proceedings or transactions relating to their issuance, sale and delivery.

## **RATINGS**

Fitch Ratings, Moody's Investors Service, Inc., and Standard & Poor's Rating Group will assign the Series 2002A Bonds the respective ratings indicated on the cover page of this Official Statement. A rating reflects only the view of the rating organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2002A Bonds.

## **FINANCIAL ADVISOR**

Evensen Dodge, Inc., has rendered financial advice to the County in connection with the offering of the Series 2002A Bonds. Evensen Dodge, Inc., will not participate in the underwriting of the Series 2002A Bonds.

## **CONTINUING DISCLOSURE**

In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the County will execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") on or before the date of issuance and delivery of the Series 2002A Bonds, the form of which is attached to this Official Statement as Appendix C.

The County has not failed to comply with any prior continuing disclosure undertaking made pursuant to Rule 15c2-12.

## **FINANCIAL STATEMENTS**

The audited general purpose financial statements of the County included in the County's Annual Information Statement dated December 28, 2001 and incorporated herein by reference as Appendix A to this Official Statement have been audited by KPMG LLP (KPMG), independent public accountants, as indicated in their report with respect thereto. In that report, KPMG states that with respect to certain of the County's component units, its opinion is based on the reports of other independent public accountants. The report of KPMG also contains an explanatory paragraph which states that KPMG did not audit certain identified supplementary information and expressed no opinion thereon. Such audited general purpose financial statements have been included in reliance upon the qualification of said firm to issue said report.

## **MISCELLANEOUS**

All references to the Series 2002A Bonds and other documents mentioned herein, including any summaries thereof, are qualified in their entirety by reference to such documents. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the Series 2002A Bonds.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Series 2002A Bonds.

The execution and delivery of this Official Statement has been duly authorized by the County.

## **MONTGOMERY COUNTY, MARYLAND**

By: /s/ BRUCE ROMER  
Chief Administrative Officer

By: /s/ TIMOTHY L. FIRESTINE  
Director of Finance

**APPENDIX A**

**ANNUAL INFORMATION STATEMENT  
DATED DECEMBER 28, 2001**

**(Provided under separate cover  
and incorporated herein by reference)**

The County's Annual Information Statement dated December 28, 2001 may be downloaded from [www.mcmbonds.emontgomery.org](http://www.mcmbonds.emontgomery.org), located at the tab for Annual Information Statement.

**APPENDIX B**

**DEFINITIONS OF CERTAIN TERMS  
AND SUMMARIES OF LEGAL DOCUMENTS**

## **DEFINITIONS OF CERTAIN WORDS AND TERMS**

The following are definitions of certain words and terms used in this Official Statement which are in addition to words and terms used and defined elsewhere herein. Any words or terms used but not defined herein shall have the meanings set forth in the Resolution and the Order.

“Additional Bonds” shall mean any bonds of Montgomery County, Maryland which may be authorized and issued in the future and which are payable solely from the Net Revenues of the District on an equal basis with the Series 2002A Bonds.

“Bond Insurance Policy” shall mean the municipal bond new issue insurance policy issued by the Bond Insurer, which guarantees payment of principal of and interest on the Series 2002A Bonds when due.

“Bond Insurer” shall mean Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto, in its capacity as the issuer of the Bond Insurance Policy.

“Business Day” shall mean a day other than a Saturday, Sunday or legal holiday in the State of Maryland or the City of New York, New York, and observed as such by the County or the Paying Agent.

“Council” shall mean the County Council for the County.

“County Executive” shall mean the County Executive of the County.

“Current Expenses” shall mean and include the reasonable and necessary costs of operating, maintaining, repairing and insuring the Facilities within or operated by the District, including, without limitation, salaries, wages, annually appropriated lease payments and costs of materials, supplies and services, but excluding depreciation and principal of and the interest on the Series 2002A Bonds, any Prior Revenue Bonds and any Additional Bonds or payments to any accounts which may be established by the County Executive as provided by the Order.

“Debt Service Account” shall mean the Parking Debt Service Account created for the District by the Order.

“District” shall mean the Bethesda Parking Lot District.

“Facilities” shall mean the public parking facilities within or operated by the District, including (without limitation) parking garages and lots, on-street spaces, parking meters, any additions, enlargements, improvements, extensions, alterations, repairs and replacements thereof, and any fixtures, equipment, personal property, appurtenances and land or other interests in real property relating to such parking facilities.

“Fiscal Agent” shall mean State Street Bank and Trust Company, N.A., or its successor.

“Fiscal Year” shall mean the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year, or any other consecutive twelve-month period adopted by the County or by law as the official accounting period of the County.

“General Purposes Account” shall mean the Parking General Purposes Account created for the District by the Order.

“Government Obligations” shall mean direct, non-callable obligations of, or direct, non-callable, non-prepayable obligations the timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America. Government Obligations shall not mean money market mutual funds, even if such funds invest exclusively in direct obligations of the United States of America, or unit investment trusts.

“Investment Obligations” shall mean any obligations that constitute legal investments for the County.

“Net Revenues” shall mean all Revenues of the District after deduction of Current Expenses.

“Operation and Maintenance Account” shall mean the Parking Operations and Maintenance Account created for the District by the Order.

“Order” shall mean Order No. B160-92 of the County Executive passed on February 28, 1992, as amended and supplemented by Order No. B239-02 of the County Executive passed on June 4, 2002, and as further amended and supplemented from time to time.

“Parking Fee Revenues” shall mean all regular and recurring fees, charges or other revenues collected by and payable to or for the account of the District for the parking of motor vehicles on or in Facilities, excluding any Special Parking Revenues.

“Parking Fine Revenues” shall mean all revenues collected by and payable to or for the account of the District from fines (and any interest or penalty thereon) payable by operators or owners of motor vehicles and resulting from violations of parking rules, regulations, ordinances, and requirements with respect to the District.

“Permitted Investments” shall mean the investments specified in Exhibit A to the Order, to the extent permitted by applicable law.

“Person” shall mean an individual, partnership, corporation, trust, or unincorporated organization, or a government, or agency or political subdivision thereof.

“Policy Costs” shall mean draws, expenses and accrued interest under a Reserve Policy.

“Prior General Obligation Bonds” shall mean general obligation bonds of the County which have been authorized and issued prior to the date of the Series 2002A Bonds and which are payable from unlimited ad valorem taxes in addition to Net Revenues of the District.

“Prior Revenue Bonds” shall mean the \$14,560,000 Montgomery County, Maryland, Parking System Refunding Revenue Bonds (Bethesda Parking Lot District) Series 2002 issued on May 29, 2002.

“Renewal and Renovation Account” shall mean the Parking Renewal and Renovation Account created for the District by the Order.

“Reserve Account” shall mean the Parking Revenue Bond Debt Service Reserve Account created for the District by Section 20(c) of the Order.

“Reserve Insurer” shall mean Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto, in its capacity as the issuer of the Reserve Policy.

“Reserve Policy” means the municipal bond reserve fund policy issued by the Reserve Insurer, which is deposited with the Paying Agent in lieu of depositing and maintaining money in the Reserve Account for the Series 2002A Bonds pursuant to the Order.

“Resolution” shall mean Resolution No. 12-541 adopted by the County Council on February 4, 1992, authorizing the issuance of parking revenue refunding bonds, at one time or from time to time, as supplemented by Resolution No. 14-921 adopted by the County Council on June 12, 2001.

“Revenue Account” shall mean the separate Parking Revenue Account created for the District by the Order and held by the County as a separate, identified account to maintain the Revenues of the District.

“Revenues” means the Parking Fee Revenues, Parking Fine Revenues and Special Tax Revenues of the District and interest income (excluding income earned from the investment of the proceeds and the investment proceeds of the Series 2002A Bonds, any Additional Bonds, any Prior Revenue Bonds and any general obligation bonds of the County payable from unlimited ad valorem taxes in addition to Net Revenues of the District) of and lease payments to the District from the time that they are received by the County and are placed in the Revenue Account applicable to such District.

“Special Parking Revenues” shall mean all revenues collected by and payable to the District for the account of a Person other than the District.

“Special Tax Revenues” shall mean all revenues collected by and for the County as special taxes within the District pursuant to Chapter 60 of the County Code.

## **SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

The following statements are brief summaries of certain provisions of the Resolution.

### **General**

The Resolution authorizes the issuance, at one time or from time to time, of parking revenue bonds to finance or refinance certain parking garages in the District. The Series 2002A Bonds shall be issued as special obligations and not as indebtedness of the County within the meaning of the Montgomery County Charter or as a pledge of the full faith and credit or taxing power of the County.

### **Pledge of Certain Special Taxes**

So long as the Series 2002A Bonds are outstanding and unpaid, the County has covenanted to levy within the District the special taxes payable pursuant to Section 60-3 of the Montgomery County Code 1994, as amended, in rate and amount which shall be sufficient in each Fiscal Year to maintain Net Revenues of not less than 1.25 times the amount required for making lease payments on irrevocable or long-term leases relating to Facilities within or operated by such District in such Fiscal Year and paying the maximum principal of and interest (except for capitalized interest) on the Series 2002A Bonds, Additional Bonds, Prior Revenue Bonds and general obligation bonds of the County issued for the financing of Facilities within or operated by such District in such Fiscal Year or any succeeding Fiscal Year.

### **Executive Order**

The County Executive shall specify, prescribe, determine, provide for, or approve, by executive order or otherwise, all matters, forms, documents, or procedures that the County Executive deems appropriate to effect the authorization, sale, security, issuance, delivery, and payment of or for the Series 2002A Bonds, subject to the provisions of the Resolution.

## **Amendments**

The Resolution may be amended or supplemented from time to time as provided in the Order.

## **SUMMARY OF CERTAIN PROVISIONS OF THE ORDER**

The following statements are brief summaries of certain provisions of the Order.

### **Revenue Account**

From and after the delivery of any Series 2002A Bonds, and as long as any of the Series 2002A Bonds, any Prior Revenue Bonds and Additional Bonds shall be outstanding and unpaid either as to principal or as to interest, or until all of the Series 2002A Bonds, any Prior Revenue Bonds and Additional Bonds then outstanding shall have been discharged and satisfied in the manner provided in the Order, the Revenues of the District shall be deposited as collected in a separate and special account for the District to be known as the "Parking Revenue Account". Money in the Revenue Account shall be allotted and paid into the various accounts hereinafter referred to in the order in which such accounts are listed, on a cumulative basis on or before the 20th day of each month, or on or before the next succeeding Business Day when the 20th day shall not be a Business Day; and if in any month the money in the Revenue Account shall be insufficient to deposit or transfer the required amount in any of the accounts, the deficiency shall be made up in the following month or months after payments into all accounts enjoying a prior claim to the Revenues shall have been met in full. The money in each Revenue Account shall be disbursed into accounts for the District only as follows:

(a) Operation and Maintenance Account. Money in the Revenue Account shall first be disbursed to make deposits into a separate and special account to pay Current Expenses to be known as the "Parking Operation and Maintenance Account." There shall be deposited in the Operation and Maintenance Account each month an amount sufficient to maintain such account at a level which is equal to 1/6th of the annual appropriation of the County for Current Expenses. Further deposits may be made to this account from the Revenue Account to the extent necessary to pay Current Expenses accrued and payable to the extent that money is not available in the General Purposes Account.

(b) Debt Service Account. Money in the Revenue Account shall next be disbursed to make deposits into a separate and special account to pay principal of and interest on the Series 2002A Bonds, Additional Bonds, Prior Revenue Bonds and general obligation bonds of the County which are payable from unlimited ad valorem taxes in addition to Net Revenues of a District, such account to be known as the "Parking Debt Service Account." The amount to be deposited in the Debt Service Account in any month shall be an amount equal to 1/6th of the installment of interest coming due on the next interest payment date on the then outstanding Series 2002A Bonds, Additional Bonds, Prior Revenue Bonds and such general obligation bonds until the full amount of such installment is on hand plus 1/12th of the installment of principal coming due on such Series 2002A Bonds, Additional Bonds, Prior Revenue Bonds and general obligation bonds on the next succeeding principal payment date, until the full amount of such installment is on hand. Money in the Debt Service Account shall be used solely for the purpose of paying principal of and interest on the Series 2002A Bonds, Additional Bonds, Prior Revenue Bonds and such general obligation bonds as the same shall become due and payable.

(c) Reserve Account. (i) As further described in this paragraph, money in the Revenue Account shall next be disbursed to a separate and special account to maintain a debt service reserve in an amount equal to the least of (A) 125% of average annual debt service on the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds, (B) the maximum annual debt service on the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds, or (C) 10% of the proceeds of the sale of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds which have been issued at that time. Such account shall be

known as the "Parking Revenue Bond Debt Service Reserve Account." The Reserve Account shall be initially fully funded in the required amount from available surplus money of the District at the date of the issuance of the Series 2002A Bonds, except to the extent the County deposits a credit facility with a custodian as described in paragraph (c)(ii). Reserve requirements for Additional Bonds may be funded from available surplus money of the District, from proceeds of Additional Bonds or as described in paragraph (c)(ii). If it is necessary to replenish the Reserve Account, any available money from the Revenue Account, the General Purposes Account or the Renewal and Renovation Account may be used to fund the Reserve Account provided; however, that when the amount in the Reserve Account, together with a credit facility described in paragraph (c)(ii), shall be equal to the reserve requirement stated above, no further deposits need be made into the Reserve Account except to maintain the Reserve Account at such level. Money in the Reserve Account, including any money received under a credit facility described in paragraph (c)(ii), shall be used solely for the purpose of paying principal at maturity of or interest on the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds for the payment of which insufficient money shall be available in the Debt Service Account, on an equal basis, without any distinction as to time of issuance. Whenever it shall become necessary to so use money in the Reserve Account, the deficiency shall be restored by the County from the first available Revenues in not more than 12 equal and consecutive monthly installments, until the amount in such account, together with any credit facility described in paragraph (c)(ii), shall equal the reserve requirement stated above.

(ii) In lieu of maintaining and depositing money in the Reserve Account, the County may deposit with a bank or trust company designated by the County, as custodian, a letter of credit, surety bond or bond insurance policy in an amount equal to all or a portion of the reserve requirement described above, if the County obtained

(A) the written consent of any bond insurance company insuring any of the Series 2002A Bonds, Prior Revenue Bonds or Additional Bonds to which the letter of credit, surety bond or bond insurance policy applies and (B) written evidence that the surety bond or bond insurance policy is issued by an issuer whose bond insurance policies on municipal bond issues result in the issues being rated in the highest long-term rating category by Moody's Investors Service, Inc. and Standard & Poor's Corporation (collectively, the "Rating Agencies") or the letter of credit is issued by a bank or trust company whose long-term debt obligations are rated by both Rating Agencies within the two highest long-term rating categories and the letter of credit is rated within the two highest long-term rating categories by both Rating Agencies. Any letter of credit, surety bond or bond insurance policy must permit the custodian to draw or obtain amounts under it for deposit in the Reserve Account that, together with any money already on deposit in the Reserve Account, are not less than the reserve requirement described above. If the County deposits the surety bond, letter of credit or bond insurance policy as described in this paragraph (c)(ii), it shall enter into an agreement with the custodian which shall provide that the custodian will make a drawing on the letter of credit or obtain funds under the bond insurance policy or surety bond before its expiration or termination (A) whenever money is required for the purposes for which Reserve Account money may be applied and (B) unless such letter of credit, surety bond or bond insurance policy has been extended or a qualified replacement for it delivered to the custodian, in the event the County has not deposited money in immediately available funds equal to the reserve requirement described above at least two Business Days preceding the expiration or termination of the letter of credit, surety bond or bond insurance policy. If the County provides the custodian with a letter of credit, surety bond or bond insurance policy as provided in this paragraph (c)(ii), the Director of Finance may transfer the corresponding amount of funds then on deposit in the Reserve Account to the appropriate accounts of the County, provided the County obtains (i) an opinion of bond counsel to the County that such transfer of funds will not affect the status of the interest on the Bonds and any Additional Bonds as excluded from gross income for Federal income tax purposes, and (ii) the County covenants to comply with any directions or restrictions contained in such opinion concerning the use of such funds. Notwithstanding the foregoing, if the County chooses to deposit with the custodian a credit facility in an amount equal to all or a portion of the reserve requirement for any Additional Bonds, the County must obtain the prior written consent of the Person providing the credit facility with respect to the reserve requirement for the Series 2002A Bonds or any Prior Revenue Bonds, which consent shall not be unreasonably withheld.

(d) **Renewal and Renovation Account.** Money in the Revenue Account shall next be disbursed to establish a separate and special account to be known as the “Parking Renewal and Renovation Account.” The Renewal and Renovation Account shall be initially funded in the amount of \$1,500,000 from available surplus money of the District at the time of the issuance of the Series 2002A Bonds. Money in the Renewal and Renovation Account shall be used for the payment of the cost of renewals, replacements and renovation of and unusual or extraordinary repairs to Facilities and of engineering and other expenses incurred in connection therewith. Money in the Renewal and Renovation Account may also be used, at the discretion of the County, to make transfers to (i) the Operation and Maintenance Account to pay Current Expenses should money then available in the General Purposes Account be insufficient for such purpose, (ii) the Debt Service Account, in an amount which, together with money transferred thereto from the General Purposes Account, is sufficient to remedy deficiencies in deposits required by the Order, or (iii) the Reserve Account, in an amount which, together with money transferred thereto from the General Purposes Account, is sufficient to remedy deficiencies in deposits required by the Order. If at any time money held in the Renewal and Renovation Account exceeds the amount of \$1,500,000 (or such higher amount as may then have been determined to be appropriate), and is not used to replenish the Debt Service Account or the Reserve Account or transferred to the Operation and Maintenance Account, any such excess money shall be transferred to the General Purposes Account. Whenever money in the Renewal and Renovation Account is so used, the monthly payments required above shall be continued or resumed until it shall have been restored to \$1,500,000 (or such higher amount as may then have been determined to be appropriate). If at the end of a Fiscal Year the amount in the Renewal and Replacement Account is less than \$1,500,000, the Renewal and Replacement Account shall be funded to equal \$1,500,000 by money from the General Purposes Account.

(e) **General Purposes Account.** All money thereafter remaining in the Revenue Account at the close of each month shall be deposited in a separate and special account to be known as the “Parking General Purposes Account.” Funds deposited in the General Purposes Account may, at the discretion of the County, be transferred to the Operation and Maintenance Account, the Debt Service Account, the Reserve Account, the Renewal and Renovation Account or for any other lawful purpose of the District, including, but not limited to, payment of noncurrent expenses such as payments in lieu of taxes, costs of issuance of Series 2002A Bonds and Additional Bonds, and capital expenses.

Money on hand in each of the accounts created by the Order may be invested only in Investment Obligations; provided, however, that money on hand in the Reserve Account shall be invested only in Permitted Investments having a term to maturity of not greater than five years. All such interim investments shall mature before the date on which the money is required for the purposes for which such account was created or otherwise as therein provided. These provisions shall not be construed to require the County to maintain separate bank accounts for the accounts created by the Order; except that each account shall be held in trust by the County for the benefit of the holders of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds but may be invested in conjunction with other funds of the County. All income derived from such investments shall be deposited in the Revenue Account and shall be regarded as Revenues of the District. Such investments shall at any time necessary be liquid and the proceeds thereof applied to the purpose for which the respective account was created. The County shall value all investments held in the accounts created by the Order annually at the market value thereof, exclusive of accrued interest. Notwithstanding any other provision of the Order to the contrary, deficiencies in the amount on deposit in any account resulting from a decline in market value shall be restored by the County no later than the succeeding valuation date.

### **Covenants of the County**

(a) ***Operation of the District.*** The County covenants that it will faithfully and punctually perform all duties with reference to the District required by the Constitution and laws of the State of Maryland, the Charter and laws of the County, the Resolution and the Order, including the levy of special taxes and the making and collection of reasonable and sufficient rates for services afforded thereby, and

will segregate the Revenues and make application thereof into the respective accounts, as provided by the Order. The County further covenants to maintain in good condition and continuously and efficiently operate the Facilities. Restrictions are imposed upon the County with respect to the disposition or leasing of the Facilities and the provision of free parking.

(b) **Rates.** So long as the Series 2002A Bonds, Prior Revenue Bonds or any Additional Bonds are outstanding and unpaid, the County covenants to prescribe within the District the parking meter or other fees payable pursuant to Sections 31-33 and 60-15 of the County Code in rate and amount which shall be sufficient in each Fiscal Year to maintain Net Revenues of not less than 1.25 times the amount required for making lease payments on irrevocable or long-term leases relating to Facilities within or operated by such District in such Fiscal Year, and paying the maximum principal of and interest (except for capitalized interest) on the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds and general obligation bonds of the County issued for the financing or refinancing of Facilities within or operated by such District in such Fiscal Year or any succeeding Fiscal Year.

(c) **Insurance.** The County shall self-insure and/or shall maintain or cause to be maintained insurance on the Facilities of a kind and in an amount adequate and customary for such facilities. The proceeds of any property insurance shall be used to repair or replace the part or parts of the property of the District damaged or destroyed or if not so used shall be placed in the Renewal and Renovation Account or may be applied to the early redemption of Series 2002A Bonds, Prior Revenue Bonds and any Additional Bonds as provided in an order or orders supplementing the Order.

(d) **Accounting and Audits.** The County will cause to be kept proper books and accounts adapted to the District and in accordance with generally accepted accounting practices, and will cause the books and accounts to be audited annually not later than 180 days after the end of each Fiscal Year by an independent certified public accountant. The County shall separately identify and segregate on its books and records Parking Fee Revenues, Parking Fine Revenues and Parking Tax Revenues and shall include in its internal accounting records and in each annual audit line item statements identifying the amount of each such source of Revenues and the amounts pledged, by source, to the payment of the Series 2002A Bonds.

(e) **Property.** The County covenants, subject to certain exceptions as set forth in the Order, that it will not sell, lease, mortgage or in any manner dispose of any Facilities, including any and all extensions and additions that may be made thereto, until satisfaction and discharge of all of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds shall have been provided for in the manner provided in the Order. However, this covenant shall not be construed to prevent the disposal by the County of Facilities which in its judgment have become inexpedient or unprofitable to use in connection with the District, if other Facilities of equal or higher value be substituted therefor, and provided further that the proceeds of the disposition of such Facilities shall be placed in a separate and special account to be used in preference to other sources for capital improvements to the District or in the appropriate Renewal and Renovation Account, or applied to the redemption of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds, except that no such proceeds shall be used to pay scheduled principal of or interest on the Series 2002A Bonds, Prior Revenue Bonds or Additional Bonds or to make payments into the Debt Service Account or the Reserve Account. Any such payments made into the Renewal and Renovation Account shall be in addition to the regular monthly payments and the account balance required for such account in the Order.

(f) **Fidelity Bond.** The County shall maintain fidelity bond coverage on each officer or employee having custody of funds of the Districts of a kind and in an amount which is adequate and customary to be maintained in connection with facilities such as the Facilities.

## **Tax Covenants**

The County covenants that it will take, or refrain from taking, any and all actions necessary to comply with the provisions of Section 103 and Sections 141 through 150, inclusive, of the Code applicable to the Series 2002A Bonds in order to preserve the status of the interest on the Series 2002A Bonds as excluded from gross income for Federal income tax purposes. Without limiting the generality of the preceding sentence, the County will (a) not use or permit the use of any of the proceeds of the Series 2002A Bonds or any of the funds of the District in such manner as would cause the interest on the Series 2002A Bonds to be included in gross income for Federal income tax purposes, (b) make periodic determinations of the rebate amount and timely pay any rebate amount, or installment thereof, to the United States of America, and (c) prepare and timely file Internal Revenue Service Form 8038-G, Information Return for Tax-Exempt Governmental Bond Issues.

Notwithstanding any other provisions of the Order, if at any time any amount in any of the accounts created by the Order is determined to be subject to payment to the United States of America as a rebate amount pursuant to the provisions of Section 148(f) of the Code each such amount shall be segregated within the applicable account and shall be held, invested and disbursed in conformity with the provisions of Section 148(f) of the Code and the applicable U.S. Treasury Regulations prescribed thereunder.

## **Obligations with Respect to the Bond Insurer**

(a) If, on the business day before any interest payment date for the Series 2002A Bonds there is not on deposit with the Paying Agent sufficient moneys available to pay all principal of and interest on the Series 2002A Bonds due on such interest payment date, the Paying Agent shall immediately notify the Bond Insurer and the Fiscal Agent of the amount of such deficiency. If, by such interest payment date, the County has not provided the amount of such deficiency, the Registrar shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the Registration Books. In addition:

(i) The Registrar shall provide the Bond Insurer with a list of the holders of the Series 2002A Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the applicable Bond Insurance Policy and shall make arrangements for the Bond Insurer and the Fiscal Agent (A) to mail checks or drafts to the holders of Series 2002A Bonds entitled to receive full or partial interest payments from the Bond Insurer and (B) to pay principal of the Series 2002A Bonds surrendered to the Fiscal Agent by the holders of Series 2002A Bonds entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) The Registrar shall, at the time it makes the Registration Books available to the Bond Insurer, notify holders of Series 2002A Bonds entitled to receive the payment of principal of or interest on the Series 2002A Bonds from the Bond Insurer (A) as to the fact of such entitlement, (B) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the applicable Bond Insurance Policy, (C) that, except as described in paragraph (b) below, in the event that any such holder is entitled to receive full payment of principal from the Bond Insurer, such holder must tender its Series 2002A Bond with the instrument of transfer in the form provided on the Series 2002A Bond executed in the name of the Bond Insurer, and (D) that, except as described in paragraph (b) below, in the event that such holder is entitled to receive partial payment of principal from the Bond Insurer, such holder must tender its Series 2002A Bond for payment first to the Paying Agent, which shall note on such Series 2002A Bond the portion of principal paid by the Paying Agent, and then, with an acceptable form of assignment, executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to such holder subject to terms of the applicable Bond Insurance Policy.

(b) In the event that the Paying Agent has notice that any payment of principal of or interest on a Series 2002A Bond has been recovered from the holder thereof pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having

competent jurisdiction, the Paying Agent shall, at the time it provides notice to the Bond Insurer, notify all holders of the Series 2002A Bonds that in the event that any such holder's payment is so recovered, such holder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 2002A Bonds which have been made by the Paying Agent and for which the Paying Agent has received notice of being subsequently recovered from holders of the Series 2002A Bonds as described above, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 2002A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the applicable Bond Insurance Policy.

(d) The Bond Insurer shall be included as a party in interest and as a party entitled to (a) notify the County, the Paying Agent and any applicable receiver of the occurrence of any default under the Order and (b) request the Paying Agent and any applicable receiver to intervene in judicial proceedings that affect the Series 2002A Bonds or the security therefor; provided that the Paying Agent has no obligation to intervene unless it has been indemnified to its satisfaction. The Bond Insurer shall receive immediate notice of any payment default and notice of any other default known to the County or the Paying Agent within 30 days of knowledge thereof.

#### **Obligations with Respect to the Reserve Insurer**

(a) The County's repayment of any draws under the applicable Reserve Policy and related reasonable expenses incurred by the Reserve Insurer (together with interest thereon as provided in the Order) shall enjoy the same priority as the obligation to maintain and refill the applicable Reserve Account contained in the Order. Repayment of Policy Costs under the applicable Reserve Policy shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/ 12 of the aggregate of Policy Costs related to such draw. If and to the extent that money has also been deposited in the applicable Reserve Account, all such money shall be used (or Permitted Investments purchased with such money shall be liquidated and the proceeds applied as required) prior to any drawing under the applicable Reserve Policy, and repayment of any Policy Costs shall be made prior to replenishment of any such money. If, in addition to the applicable Reserve Policy, any other credit facility (an "Additional Reserve Policy") is provided, drawings under the applicable Reserve Policy and any such Additional Reserve Policy, and repayment of Policy Costs and reimbursement of amounts due under the Additional Reserve Policy, shall be made on a pro rata basis (calculated by reference to the maximum amounts available thereunder) after applying all available money in the applicable Reserve Account and prior to replenishment of any such money draws, respectively.

(b) If the County shall fail to repay any Policy Costs in accordance with the requirements of the Order, the Reserve Insurer shall be entitled to exercise any and all remedies available at law or under the Order other than (i) acceleration of the maturity of the Series 2002A Bonds or (ii) remedies which would adversely affect any holder of the Series 2002A Bonds.

(c) As security for the County's repayment obligations with respect to each Reserve Policy, the County has granted the Reserve Insurer a security interest (subordinate only to that of the holders of the Series 2002A Bonds, Additional Bonds, Prior Revenue Bonds and general obligation bonds which are payable from unlimited ad valorem taxes in addition to the Net Revenues of the District) in the Parking Fee Revenues and Parking Fine Revenues of the District.

#### **Remedies**

Except as expressly limited in the Resolution and the Order, the holders of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Charter and laws of the County, the Constitution and statutes

of the State of Maryland, and of the United States of America, for the enforcement of payment of their Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds, and of the pledge of the Revenues made pursuant to the Resolution and the Order, and of all covenants of the County made pursuant to the Resolution and the Order. Defaults in the payment of principal, redemption price, or interest on the Series 2002A Bonds shall entitle the holders thereof to exercise remedies described in the Order. In determining whether a payment default has occurred or whether a payment on the Series 2002A Bonds has been made under the Order, no effect shall be given to payments made under the Bond Insurance Policy.

FOR PURPOSES OF THE EXERCISE OF THE REMEDIES DESCRIBED IN THE ORDER, EXCEPT FOR THE GIVING OF NOTICE OF DEFAULT AND ANY OTHER NOTICES TO HOLDERS OF SERIES 2002A BONDS AND PAYMENTS IN RESPECT OF THE SERIES 2002A BONDS (EXCEPT TO THE EXTENT THE BOND INSURER IS SUBROGATED TO THE RIGHTS OF THE HOLDERS OF THE SERIES 2002A BONDS), THE BOND INSURER SHALL BE DEEMED TO BE THE SOLE HOLDER OF THE SERIES 2002A BONDS FOR SO LONG AS IT HAS NOT FAILED TO COMPLY WITH ITS PAYMENT OBLIGATIONS UNDER THE BOND INSURANCE POLICY.

### **Additional Bonds**

The County covenants that it will not issue other bonds or obligations of any kind or nature payable from or enjoying a lien or claim on the property or Revenues of a District having priority over the Series 2002A Bonds.

Additional Bonds and general obligation bonds of the County which are payable from unlimited ad valorem taxes in addition to Net Revenues of a District may be issued on a parity and equality of rank with the Series 2002A Bonds with respect to the lien and claim of such Additional Bonds or general obligation bonds to the Revenues of a District and the money on deposit in the accounts created by the Order, for the following purposes and under the following conditions, but not otherwise:

(a) For the purpose of refunding any of the Series 2002A Bonds, Prior Revenue Bonds, Additional Bonds, or such general obligation bonds, or

(b) For the purpose of making extensions, additions, improvements or replacements to the Facilities of a District.

(c) Before any such Additional Bonds or general obligation bonds are issued, there will have been procured and filed with the Director of Finance, a statement of an independent parking consultant, financial consultant, or an independent, nationally recognized certified public accountant, not a regular employee of the County, expressing the opinion based upon necessary investigations that the Net Revenues of the District for the preceding Fiscal Year for which an audit is available (with allowable adjustments as hereinafter provided) were equal to at least 1.25 times the maximum amount that will be required in any future Fiscal Year for making lease payments on irrevocable or long-term leases, and paying the maximum principal of and interest (except for capitalized interest) on the then outstanding Series 2002A Bonds, Prior Revenue Bonds, Additional Bonds and general obligation bonds of the County issued for the financing of Facilities within or operated by such District which are payable from the Net Revenues of the District and the Additional Bonds or general obligation bonds then proposed to be issued, plus 100% of the County's obligations with respect to Policy Costs due and owing in such Fiscal Year. For the purpose of determining the Net Revenues of the District for the preceding Fiscal Year as aforesaid, the amount of the gross revenues for such year may be adjusted so as to reflect (i) any changes in the amount of the Revenues which would have resulted had any revision of the schedule of rates or charges imposed at or prior to the time of the issuance of any such Additional Bonds or general obligation bonds been in effect during all of such preceding Fiscal Year and (ii) fifty percent (50%) of the net change in available parking spaces in the District resulting or to result from the expenditures of the proceeds of such Additional Bonds or general obligation bonds.

No such Additional Bonds or general obligation bonds shall be issued if any payment or covenant default under the Order shall have occurred and be continuing. In addition, if any Policy Costs relating to the applicable Reserve Policy are past due and owing to the Reserve Insurer, the Reserve Insurer shall have given its prior written consent to the issuance of such Additional Bonds or general obligation bonds before any such Additional Bonds or general obligation bonds are issued.

#### **Amendment of Order and Resolution**

The Order may be amended or supplemented from time to time and at any time by orders which are consistent with the terms and provisions thereof (which amendatory or supplemental orders shall thereafter form a part thereof) and the Resolution may be amended or supplemented from time to time and at any time by resolutions which are consistent with the terms and provisions thereof (which amendatory or supplemental resolution shall thereafter form a part thereof) and which, in each case, do not adversely affect the interest on the holders of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds:

(a) to cure any ambiguity or formal defect or omission or to correct or supplement any provision of the Order or the Resolution that may be inconsistent with any other provision of the Order or the Resolution, or .

(b) to grant to or confer upon the holders of the Series 2002A Bonds, Prior Revenue Bonds or Additional Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon such holders, or

(c) to add to the conditions, limitations and restrictions on the issuance of Series 2002A Bonds, Prior Revenue Bonds or Additional Bonds under the provisions of the Order or the Resolution or other conditions, limitations and restrictions thereafter to be observed, provided that such conditions, limitations, and restrictions do not impair the security for the Series 2002A Bonds, Prior Revenue Bonds or Additional Bonds, or

(d) to add to the covenants and agreements of the County in the Order or the Resolution other covenants and agreements thereafter to be observed by the County or to surrender any right or power reserved to or conferred upon the County in the Order or the Resolution provided that such covenants and agreements and the surrendering of any such right or power do not impair the security for any Series 2002A Bonds, Prior Revenue Bonds or Additional Bonds, or

(e) to provide for the issuance, sale and delivery of Additional Bonds.

The Bond Insurance Policy shall not be taken into account in determining whether the rights of any holder of the 2002A Bonds are adversely affected. Any amendment or supplement to the Order shall be subject to the prior written consent of the Bond Insurer; provided that amendments and supplements described in paragraph (a) above shall not require such consent.

The Order and the Resolution may be amended from time to time for purposes other than those stated above if such amendment shall have been consented to by holders of not less than two-thirds in principal amount of the outstanding Series 2002A Bonds, Prior Revenue Bonds or any Additional Bonds. However, neither the Order nor the Resolution may be amended after the date of delivery of the Series 2002A Bonds to the Underwriters without the written consent of 100% of the registered owners of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds in such manner as to:

(a) Make any change in maturity or interest rate of the Series 2002A Bonds, Prior Revenue Bonds or Additional Bonds, or modify the terms of payment of principal of or interest on the Series 2002A Bonds, Prior Revenue Bonds or any Additional Bonds or any of them, or impose any conditions with respect to such payments;

(b) Materially affect the rights of the holders of less than all of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds then outstanding; or

(c) Reduce the percentage of the principal amount of Series 2002A Bonds, Prior Revenue Bonds or Additional Bonds, the consent of the holders of which is required to effect a further amendment.

Whenever the County shall propose to amend the Order or the Resolution in a manner that requires the consent of the registered owners, it shall cause notice of the proposed amendment to be mailed first-class, postage prepaid, to the registered owners of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendment is on file in the office of the Director of Finance. Whenever at any time within one year from the date of the publication of said notice there shall be filed with the Director of Finance an instrument or instruments executed by the holders of at least two-thirds in aggregate principal amount of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds then outstanding, which instrument or instruments shall refer to the proposed amendatory order or resolution described in said notice and shall specifically consent to and approve the passage or the adoption thereof, thereupon, but not otherwise, the County Executive may pass such amendatory order or the County Council may adopt such amendatory resolution and such order or resolution shall become effective and binding upon the holders of all of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds.

Any consent given by the holder of a Series 2002A Bond as described above shall be irrevocable for a period of six months from the date of the instrument evidencing such consent and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of such instrument by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Director of Finance, provided that the County Executive shall not have passed the amendatory order or the County Council shall not have adopted the amendatory resolution with respect to which consent was given.

Notwithstanding the foregoing, the Order and the Resolution may be amended without the consent of any holder of the Series 2002A Bonds, Prior Revenue Bonds or Additional Bonds or the Bond Insurer for the sole purpose of taking action necessary to preserve the status of the interest on the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds as excluded from gross income for Federal income tax purposes.

### **Defeasance**

If the County pays the principal, premium (if any) and interest due and payable upon all of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds outstanding and pays all other sums payable under the Order by the County, including all necessary and proper fees, compensation and expenses of the Registrar and Paying Agent, then, and in that case, the right, title and interest of the holders of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds in the accounts created by the Order shall thereupon cease, determine and become void, the County Executive shall repeal and cancel the Order, and any surplus in the accounts held by the County pursuant to the Order shall be transferred by the Director of Finance to the appropriate accounts of the County. Otherwise the Order shall be, continue and remain in full force and effect.

Notwithstanding the foregoing, if (a) the Paying Agent or a corporate trustee designated by the County holds in trust money or Government Obligations, or a combination of both, that are sufficient in the aggregate to pay the principal of, premium (if any) and interest on all Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds then outstanding to the maturity date or dates of such Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds or to the date or dates specified for the redemption thereof, and (b) if the Series 2002A Bonds, Prior Revenue Bonds and any Additional Bonds are due and payable by reason of a call for redemption, irrevocable instructions to call the Series 2002A Bonds, Prior

Revenue Bonds or Additional Bonds for redemption shall have been given by the County, and (c) an opinion of a certified public accountant as to the sufficiency of the money and/or Government Obligations held in trust has been given, and (d) if sufficient funds shall also have been provided or provision made for paying all other obligations payable under the Order by the County, and (e) within 30 days after such money, Government Obligations, or a combination of both, have been deposited with the Paying Agent or such corporate trustee, the County causes a notice to be mailed first class, postage prepaid to each registered owner of the Series 2002A Bonds, Prior Revenue Bonds and any Additional Bonds, setting forth (i) the date designated for the redemption of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds, (ii) a description of the money and/or Government Obligations so held by the Paying Agent or such corporate trustee, (iii) notice that the sufficiency of such money and/or Government Obligations has been certified by a certified public accountant, and (iv) that the Order has been repealed and cancelled in accordance therewith, the Paying Agent or such corporate trustee shall retain such rights, powers and privileges under the Order as may be necessary and convenient in respect of the Series 2002A Bonds, Prior Revenue Bonds and any Additional Bonds for the payment of the principal of, interest and any premium on which such money and/or Government Obligations have been deposited, but otherwise the right, title and interest of the holders of the Series 2002A Bonds, Prior Revenue Bonds and Additional Bonds in the accounts created by the Order shall thereupon cease, determine and become void, the County Executive shall repeal and cancel the Order, and any surplus in the accounts held by the County pursuant to the Order shall be transferred by the Director of Finance to the appropriate accounts of the County.

All money and Government Obligations held by the Paying Agent or such corporate trustee as described above shall be held in trust and applied to the payment, when due, of the Series 2002A Bonds and obligations payable therewith.

Notwithstanding the foregoing, the Order shall not be discharged until all Policy Costs relating to each Reserve Policy owing to the Reserve Insurer shall have been paid in full.

**APPENDIX C**

**PROPOSED FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of [closing date] (the “Disclosure Agreement”) is executed and delivered by MONTGOMERY COUNTY, MARYLAND (the “County”) in connection with the issuance of its \$26,000,000 Montgomery County, Maryland Parking Revenue Bonds (Bethesda Parking Lot District), Series 2002A (the “Bonds”). The County, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

SECTION 1. *Purpose of the Disclosure Agreement.* This Disclosure Agreement is being executed and delivered by the County for the benefit of the owners of the Bonds, including beneficial owners, and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The County’s obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

SECTION 2. *Definitions.* In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor organization. The current address of the MSRB is:

MUNICIPAL SECURITIES RULEMAKING BOARD  
Continuing Disclosure Information System  
1640 King Street, Suite 300  
Alexandria, Virginia 22314-2719  
(202) 223-9503 (phone)  
(703) 683-1930 (fax)

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository recognized by the Securities and Exchange Commission for purposes of the Rule. Currently, the following are National Repositories:

BLOOMBERG MUNICIPAL REPOSITORY  
Attn: Municipal Dept.  
100 Business Park Drive  
Skillman, NJ 08558  
(609) 279-3225 (phone)  
(609) 279-5962 (fax)  
E-mail: [Munis@Bloomberg.com](mailto:Munis@Bloomberg.com)

DPC DATA, INC.  
One Executive Drive  
Fort Lee, NJ 07024  
(201) 346-0701 (phone)  
(201) 947-0107 (fax)  
E-mail: [nrmsir@dpcdata.com](mailto:nrmsir@dpcdata.com)

FT INTERACTIVE DATA  
Attn: NRMSIR  
100 William Street  
New York, NY 10038  
(212) 771-6999 (phone)  
(212) 771-7390 (fax)  
E-mail: [NRMSIR@FTID.com](mailto:NRMSIR@FTID.com)

STANDARD & POOR’S J.J. KENNY  
REPOSITORY  
55 Water Street  
45th Floor  
New York, NY 10041  
(212) 438-4595 (phone)  
(212) 438-3975 (fax)  
E-mail: [nrmsir\\_repository@sandp.com](mailto:nrmsir_repository@sandp.com)

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Reportable Event” shall mean any of the events listed in Section 4a. of this Disclosure Agreement.

“Repository” shall mean each National Repository and the State Depository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action letters and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission including, by way of example, the staff guidance dated June 23, 1995 to the National Association of Bond Lawyers (“NABL”) from Robert L. D. Colby, Deputy Director, and the staff guidance dated September 19, 1995, to NABL from Catherine McGuire, Chief Counsel.

“State Depository” shall mean any public or private repository or entity designated by the State of Maryland as a state information depository for purposes of the Rule. As of the date of this Disclosure Agreement, there is no State Depository.

### SECTION 3. *Provision of Annual Financial Information, Operating Data and Audited Information.*

a. The County shall provide to each Repository, the following annual financial information and operating data, such information and data to be updated as of the end of the preceding fiscal year and made available within 275 days after the end of the fiscal year, commencing with the fiscal year ending June 30, 2002:

(i) Statement of Direct and Overlapping Debt; (ii) General Bonded Debt Ratios; (iii) Assessed Value of All Taxable Property By Class; (iv) Property Tax Levies and Collections; (v) Property Tax Rates and Tax Levies, By Purpose, and (vi) Schedule of General Fund Revenues, Expenditures and Transfers In (Out).

b. The County shall provide to each Repository annual audited financial statements for the County, such information to be made available within 275 days after the end of the County’s fiscal year, commencing with the fiscal year ending June 30, 2002, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the County’s fiscal year (commencing with the fiscal year ending June 30, 2002), the County will provide unaudited financial statements within such time period.

c. The presentation of the financial information referred to in paragraph a. and in paragraph b. shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds.

d. If the County is unable to provide the annual financial information and operating data within the applicable time periods specified in a. and b. above, the County shall send in a timely manner a notice of such failure to each National Repository or to the MSRB and to the State Depository.

e. The County hereby represents and warrants that it has not failed to comply with any prior disclosure undertaking made pursuant to the Rule.

### SECTION 4. *Reporting of Significant Events.*

a. This Section 4 shall govern the giving of notices of the occurrence of any of the following Reportable Events with respect to the Bonds, each of which shall constitute a Reportable Event for purposes hereof:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of owners of the Bonds;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds; or
- (11) Rating changes.

b. Whenever the County obtains knowledge of the occurrence of a Reportable Event, the County shall as soon as possible determine if such event would constitute material information for owners of Bonds, in accordance with the applicable “materiality” standard under then-current securities laws.

c. If the County has determined that a Reportable Event is material, the County shall file in a timely manner a notice of such occurrence with the National Repositories or the MSRB and the State Depository.

**SECTION 5. *Termination of Reporting Obligations.*** The County’s obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the County may terminate its obligations under this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

**SECTION 6. *Amendments.***

a. The County may provide further or additional assurances that will become part of the County’s obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the County in its discretion, provided that:

- (1) the amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the County as the obligated person with respect to the Bonds, or type of business conducted by the County;
- (2) this Disclosure Agreement, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (3) the amendment does not materially impair the interests of owners of the Bonds, including beneficial owners, as determined by bond counsel selected by the County or by an approving vote of at least 25% of the outstanding principal amount of the Bonds.

b. The reasons for the County agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of financial information or operating data being provided will be explained in narrative form in information provided with the annual financial information containing the additional or amended financial information or operating data.

SECTION 7. *Additional Information.* Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including disclaimers or any other information in any disclosure made pursuant to Section 3a. or 3b. hereof or notice of occurrence of a Reportable Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any disclosure made pursuant to Section 3a. or 3b. hereof or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 3a. or 3b. hereof or notice of occurrence of a Reportable Event.

SECTION 8. *Limitation on Remedies and Forum.*

a. The County shall be given written notice at the address set forth below of any claimed failure by the County to perform its obligations under this Disclosure Agreement, and the County shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the County shall be given to Director of Finance, 15th Floor, Executive Office Building, 101 Monroe Street, Rockville, Maryland 20850, or at such alternate address as shall be specified by the County in disclosures made pursuant to Section 3a. or 3b. hereof or a notice of occurrence of a Reportable Event.

b. Any suit or proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Montgomery County, Maryland.

SECTION 9. *Beneficiaries.* This Disclosure Agreement shall inure solely to the benefit of the owners from time to time of the Bonds, including beneficial owners, and shall create no rights in any other person or entity.

SECTION 10. *Relationship to Bonds.* This Disclosure Agreement constitutes an undertaking by the County that is independent of the County's obligations with respect to the Bonds. Any breach or default by the County under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

SECTION 11. *Severability.* In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or action, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Disclosure Agreement, or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Disclosure Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

SECTION 12. *Entire Agreement.* This Disclosure Agreement contains the entire agreement of the County with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto; provided, however, that this Disclosure Agreement shall be interpreted and construed with reference to and in pari materia with the Rule.

SECTION 13. *Captions.* The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections hereof.

SECTION 14. *Governing Law.* This Disclosure Agreement and any claim made with respect to the performance by the County of its obligations hereunder shall be governed by, subject to and construed in accordance with the federal securities laws, where applicable, and the laws of the State of Maryland, without reference to the choice of law principles thereof.

IN WITNESS WHEREOF, the County has caused this Disclosure Agreement to be duly executed as of the day and year first above written.

MONTGOMERY COUNTY, MARYLAND

By: /s/ TIMOTHY L. FIRESTINE  
Director of Finance

**FORM OF OPINION OF BOND COUNSEL**

[closing date]

County Executive and County Council for  
Montgomery County, Maryland  
Rockville, Maryland

Ladies and Gentlemen:

We have acted as bond counsel to Montgomery County, Maryland (the "County") in connection with the issuance of its \$26,000,000 Montgomery County, Maryland Parking Revenue Bonds (Bethesda Parking Lot District), Series 2002A (the "Bonds"). In such capacity, we have examined such laws and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Bonds are issued under the provisions of the Montgomery County Charter (the "Charter"), Section 24 of Article 31 of the Annotated Code of Maryland, as amended (the "Act"), and resolutions of the County Council for Montgomery County, Maryland (together, the "Resolution"). The Bonds are authorized to be issued and awarded by Executive Order No. B160-92 of the County Executive of the County passed on February 28, 1992, as supplemented and amended (collectively, the "Orders"). The terms of the Bonds are as set forth in the Bonds, the Act, the Resolutions and the Orders.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any change in law that may hereafter occur.

As to questions of fact material to our opinion, without undertaking to verify the same by independent investigation, we have relied upon the certified proceedings of the County and certifications by public officials.

We do not express any opinion herein regarding any law other than the law of the State of Maryland and the federal law of the United States of America.

We express no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Based on the foregoing, it is our opinion that, under existing law:

(a) The Bonds have been duly authorized and legally issued in accordance with the Constitution and Public Laws of the State of Maryland, the Charter, the Act, the Resolutions and the Orders.

(b) The Resolution has been duly and properly adopted by the County Council of the County, and is valid and binding on the County. The Orders have been duly and properly passed by the County Executive of the County, and are valid and binding on the County. The Resolution and the Orders create the valid pledge of and lien on the Net Revenues (as defined in the Orders) that they purport to create, subject only to the provisions thereof permitting the withdrawal, payment, setting apart or appropriation thereof for or to the purposes and on the terms and conditions set forth therein.

(c) The Bonds are valid and legally binding special obligations of the County payable solely from the Net Revenues of the Bethesda Parking Lot District (the "District"). The Resolution and the Orders contain provisions permitting the issuance of certain additional County bonds on an equal basis

with the Bonds (the “Additional Bonds”). The Net Revenues are pledged under and as set forth in the Resolution and the Orders for the equal and ratable benefit of the holders from time to time of the Bonds and, to the extent provided in the Resolution and the Orders, any Additional Bonds. The Bonds and any Additional Bonds issued within the limitations and provisions of the Resolutions and the Orders are entitled to the benefit and security of the Resolution and the Orders as provided therein.

(d) The Bonds do not constitute a general obligation or a pledge of the faith and credit of the County. The County is not obligated to pay the Bonds or the interest thereon except from Net Revenues to the extent provided in the Resolution and the Orders.

(e) Under existing law, the interest on the Bonds (i) is excludable from gross income for Federal income tax purposes, and (ii) is not an enumerated preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States.

In rendering the opinion expressed above in this paragraph (e), we have assumed continuing compliance with the covenants and agreements set forth in the Tax Certificate and Compliance Agreement of even date herewith executed and delivered by the County (the “Tax Agreement”), which covenants and agreements are designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and the income tax regulations issued thereunder (the “Regulations”) that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal tax purposes. In our opinion, the covenants and agreements in the Tax Agreement are sufficient to meet such requirements (to the extent applicable to the Bonds) of the Code and Regulations. However, we assume no responsibility for, and will not monitor, compliance with the covenants and agreements in the Tax Agreement. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includible in gross income for Federal income tax purposes, retroactive to the date of issuance of the Bonds.

(f) Under existing law of the State of Maryland, the interest on the Bonds and profit realized from the sale or exchange of the Bonds is exempt from income taxation by the State of Maryland or by any of its political subdivisions; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, franchise taxes applicable to certain financial institutions, or any other taxes not levied directly on the Bonds or the interest thereon.

Other than as set forth in the preceding paragraphs (e) and (f), we express no opinion regarding the federal or state income tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

Very truly yours,

[to be signed “Venable, Baetjer and Howard, LLP”]

**APPENDIX E**

**FINANCIAL INFORMATION FOR THE  
BETHESDA PARKING LOT DISTRICT**

The following financial information for the Bethesda Parking Lot District for Fiscal Year 2001 is extracted from and should be read in conjunction with the Comprehensive Annual Financial Report of Montgomery County, Maryland prepared by the County Finance Department. The Financial Statements included in that report were audited by KPMG LLP, Independent Certified Public Accountants, to the extent and for the period indicated in their report thereon. That report expressed reliance on the reports of other auditors. The financial information for Fiscal Year 2002 is unaudited. Certain data for Fiscal Year 2001 has been reclassified to conform to the current presentation.

**Montgomery County, Maryland**  
**Bethesda Parking Lot District**  
**Statement of Net Assets**  
**March 31, 2002**  
**With Comparative Totals for June 30, 2001**

	March 31 2002	June 30 2001
<b>Assets</b>		
Current Assets:		
Equity in pooled cash and investments	\$ 930,550	\$ 10,598,971
Property taxes receivable	798,339	577,401
Accounts receivable	3,364	3,213
Parking violations receivable	1,462,437	1,091,072
Prepays	--	7,418
Total Current Assets	<u>3,194,690</u>	<u>12,278,075</u>
Noncurrent Assets:		
Restricted Assets:		
Equity in pooled cash and investments	<u>3,886,493</u>	<u>2,471,451</u>
Unamortized bond costs	<u>310,286</u>	<u>339,023</u>
Capital Assets:		
Land, improved and unimproved	16,857,718	17,024,191
Buildings	46,814,625	46,814,625
Furniture, fixtures, equipment, and machinery	61,981	37,135
Other fixed assets	15,303,353	14,793,353
Construction in progress	18,195,304	4,300,267
Less: Accumulated depreciation and amortization	<u>(30,684,211)</u>	<u>(28,399,167)</u>
Subtotal net capital assets	<u>66,548,770</u>	<u>54,570,404</u>
Total noncurrent assets	<u>70,745,549</u>	<u>57,380,878</u>
Total Assets	<u>\$ 73,940,239</u>	<u>\$ 69,658,953</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts and retainage payable	\$ 1,594,073	\$ 2,043,026
Interest payable	334,303	86,492
Deposits	13,114	18,510
Accrued liabilities	264,933	146,809
Current portion of long-term obligations payable:		
General obligation bonds payable	250,000	250,000
Revenue bonds payable	1,783,074	1,777,296
Due to other funds	--	6,255
Deferred revenue	--	11,899
Total Current Liabilities	<u>4,239,497</u>	<u>4,340,287</u>
Noncurrent Liabilities:		
General obligation bonds payable	250,000	250,000
Revenue bonds payable	<u>13,949,539</u>	<u>13,949,539</u>
Total Noncurrent Liabilities	<u>14,199,539</u>	<u>14,199,539</u>
Total Liabilities	<u>18,439,036</u>	<u>18,539,826</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	50,316,157	38,343,569
Restricted cash & cash equivalents	3,886,493	2,471,451
Unrestricted	<u>1,298,553</u>	<u>10,304,107</u>
Total Net Assets	<u>55,501,203</u>	<u>51,119,127</u>
Total Net Assets & Liabilities	<u>\$ 73,940,239</u>	<u>\$ 69,658,953</u>

**Montgomery County, Maryland**  
**Bethesda Parking Lot District**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Nine Months Ended March 31, 2002**  
**With Comparative Totals for**  
**the Fiscal Year Ended June 30, 2001**

	2002	2001
Operating Revenues:		
Charges for services	\$ 5,330,837	\$ 5,816,855
Fines and penalties	<u>2,535,244</u>	<u>2,152,034</u>
Total Operating Revenues	<u>7,866,081</u>	<u>7,968,889</u>
Operating Expenses:		
Personnel costs	834,300	1,129,430
Insurance	19,830	13,710
Supplies and materials	71,522	103,109
Contractual services	1,284,752	1,968,587
Communications	18,454	32,730
Transportation	92,874	40,898
Public utility services	127,517	380,627
Rentals	15,076	22,921
Maintenance	580,051	373,333
Depreciation and amortization	2,313,781	2,906,366
Other	<u>31,372</u>	<u>122,748</u>
Total Operating Expenses	<u>5,389,529</u>	<u>7,094,459</u>
Operating Income (Loss)	<u>2,476,552</u>	<u>874,430</u>
Nonoperating Revenues (Expenses):		
Property taxes *	3,655,393	3,390,866
Gain (loss) on sale of fixed assets	343,527	--
Investment income	194,182	1,001,804
Interest expense	(755,042)	(993,327)
Other – rental income	<u>610,299</u>	<u>217,411</u>
Total Nonoperating Revenues (Expenses)	<u>4,048,359</u>	<u>3,616,754</u>
Income (Loss) Before Transfers	<u>6,524,911</u>	<u>4,491,184</u>
Transfers In (Out):		
Transfers In	--	--
Transfers (Out) – General Fund	(189,263)	(189,090)
Transfers (Out) – Special Revenue Funds	<u>(1,953,572)</u>	<u>(2,229,090)</u>
Total Transfers In (Out)	<u>(2,142,835)</u>	<u>(2,418,180)</u>
Net Change in Net Assets	4,382,076	2,073,004
Net Assets (Deficit) – Beginning of Year	<u>51,119,127</u>	<u>49,046,123</u>
Net Assets (Deficit) – End of Year	<u>\$ 55,501,203</u>	<u>\$ 51,119,127</u>

\* Represents a full year of tax revenue, due to revenue being recognized when taxes are levied.

**Montgomery County, Maryland  
Bethesda Parking Lot District  
Statement of Cash Flows  
For the Nine Months Ended March 31, 2002  
With Comparative Totals for  
the Fiscal Year Ended June 30, 2001**

	2002	2001
Cash Flows from Operating Activities:		
Receipts from customers	\$7,482,667	\$7,878,673
Payments to suppliers	(2,695,797)	(1,521,165)
Payments to employees	(715,013)	(1,083,459)
Other revenue	--	--
Net Cash Provided (Used) by Operating Activities	4,071,857	5,274,049
Cash Flows from Noncapital Financing Activities:		
Property tax collections	3,434,455	3,271,340
Other revenue	610,299	217,411
Transfers In (Out)	(2,142,835)	(2,418,180)
Net Cash Provided (Used) by Noncapital Financing Activities	1,901,919	1,070,571
Cash Flows from Capital and Related Financing Activities:		
Proceeds from sale of bonds	--	--
Acquisition and construction of capital assets	(13,919,883)	(4,980,782)
Principal paid on revenue bonds and notes payable	--	(1,670,000)
Principal paid on general obligation bonds and notes payable	--	(250,000)
Interest paid on bonds	(501,454)	(1,117,267)
Transfer In (Out) – CIP Fund	--	--
Net Cash Provided (Used) by Capital and Related Financing Activities	(14,421,337)	(8,018,049)
Cash Flows from Investing Activities:		
Interest and dividends on investments	194,182	1,001,804
Net (purchase) sale of investments	--	--
Net Cash Provided (Used) in Investing Activities	194,182	1,001,804
Net increase (decrease) in cash and cash equivalents	(8,253,379)	(671,625)
Cash and cash equivalents – Beginning of year	<u>13,070,422</u>	<u>13,742,047</u>
Cash and cash equivalents – End of year	<u>\$4,817,043</u>	<u>\$13,070,422</u>
Equity Cash	930,550	10,598,571
Other Cash	--	--
Restricted Cash	<u>3,886,493</u>	<u>2,471,451</u>
Total Cash Equivalents	<u>\$ 4,817,043</u>	<u>\$13,070,422</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	2,476,552	874,430
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	2,313,781	2,906,366
Other	--	--
Changes in assets and liabilities:		
Receivables, net	(371,516)	(102,114)
Prepays	7,418	(969)
Accounts payable and accrued liabilities	<u>(354,378)</u>	<u>1,596,336</u>
Net cash provided by operating activities	<u>\$4,071,857</u>	<u>\$5,274,049</u>

(Continued)

**Montgomery County, Maryland  
Bethesda Parking Lot District  
Statement of Cash Flows, Concluded  
For the Nine Months Ended March 31, 2002  
With Comparative Totals for  
the Fiscal Year Ended June 30, 2001**

	2002	2001
Non-cash investing, capital, or financing activities this period: None		
Cash Payments from Customers:		
Current year operating revenue	7,866,081	7,968,889
Prior year revenue adjustment	--	--
(Increase) decrease in accounts receivable	(151)	(705)
(Increase) decrease in parking violations receivable	(371,365)	(101,409)
Increase (decrease) in customer advances	(11,898)	11,898
(Increase) decrease in prepaid expenses	--	--
Cash from customers	<u>7,482,667</u>	<u>7,878,673</u>
Cash Payments to Suppliers:		
Current year accrual operating expenses	2,241,448	3,058,663
(Increase) decrease in accounts / retainage payable	448,953	(1,547,374)
(Increase) decrease in miscellaneous deposits	5,396	9,876
Cash payments to suppliers for goods and services	<u>2,695,797</u>	<u>1,521,165</u>
Cash Payments to Employees:		
Current year salary and fringe expense	834,300	1,129,430
Increase (decrease) in prepaids to employees	(7,418)	969
(Increase) decrease in accrued payroll liabilities	(118,124)	(45,616)
(Increase) decrease in due to other funds	6,255	(1,324)
Cash payments to employees for services	<u>715,013</u>	<u>1,083,459</u>

**APPENDIX F**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

*(This page has been left blank intentionally.)*

Financial Guaranty Insurance  
Company  
125 Park Avenue  
New York, NY 10017  
(212) 312-3000  
(800) 352-0001

A GE Capital Company



## Municipal Bond New Issue Insurance Policy

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**Issuer:**

**Policy Number:**

**Control Number:** 0010001

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**Bonds:**

**Premium:**

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Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

Financial Guaranty Insurance  
Company  
125 Park Avenue  
New York, NY 10017  
(212) 312-3000  
(800) 352-0001

*A GE Capital Company*



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## **Municipal Bond New Issue Insurance Policy**

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for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

A handwritten signature in cursive script, reading "Deborah M. Reif".

**President**

**Effective Date:**

**Authorized Representative**

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

A handwritten signature in cursive script, appearing to read "Quincy Brown".

**Authorized Officer**

Financial Guaranty Insurance  
Company  
125 Park Avenue  
New York, NY 10017  
(212) 312-3000  
(800) 352-0001

A GE Capital Company



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## **Endorsement**

### **To Financial Guaranty Insurance Company Insurance Policy**

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**Policy Number:**

**Control Number:** 0010001

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It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

A handwritten signature in black ink, reading "Deborah M. Reif".

**President**

**Effective Date:**

**Authorized Representative**

**Acknowledged as of the Effective Date written above:**

A handwritten signature in black ink, appearing to read "Quincy Brown".

**Authorized Officer**  
**State Street Bank and Trust Company, N.A., as Fiscal Agent**